

TOWN OF WELLESLEY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 2008



On the cover: The Town has been planning for increased enrollment in its high school and has studied numerous options in recent years. The Massachusetts School Building Authority (MSBA) has given the Town formal authorization for new construction and has authorized up to 40% reimbursement of eligible costs. The voters approved a debt exclusion for the Town's portion of this \$130 million project on December 9, 2008.

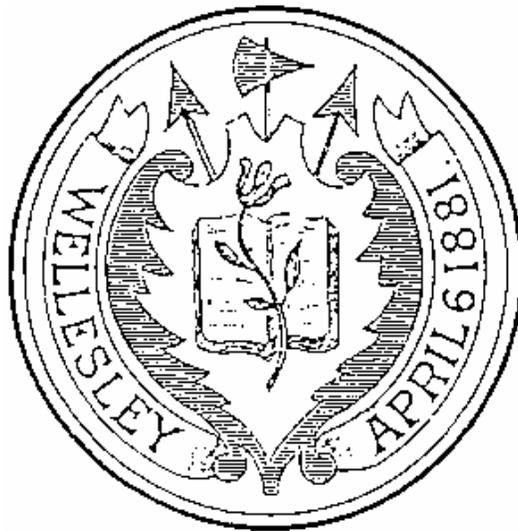


The Town maintains various plantings around the community. This clock is in the retail district on Central Street.

TOWN OF WELLESLEY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year ended June 30, 2008



Prepared by:

The Finance Department of the Town of Wellesley, Massachusetts

TOWN OF WELLESLEY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2008

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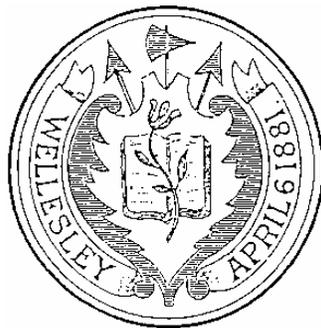
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Introductory Section



Wellesleys' Farm Station was designed by HH Richardson and FL Olmstead in 1890 for the Boston and Albany Railroad. Today, it is still used by commuters.



**Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2008**

Introductory Section

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Town of Wellesley

525 Washington Street
Wellesley, MA 02482

Letter of Transmittal

December 18, 2008

To the Honorable Board of Selectmen and Citizens of the Town of Wellesley:

State law requires the Town of Wellesley to publish at the close of each fiscal year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Town of Wellesley, Massachusetts, for the fiscal year ending June 30, 2008 for your review.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the Town's financial statements for the fiscal year ended June 30, 2008, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the Town's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Wellesley was incorporated in 1881 and is located in Norfolk County. It is approximately 15 miles west of Boston and is bordered by Natick on the west, Weston and Newton on the north, Needham on the east and southeast, and Dover on the south. It is approximately 10.51 square miles in area and, according to the 2008 Town Clerk's records, has a population of 26,985 persons.

The main highways serving the Town are State Routes 9, 16, 135, 128 and the Massachusetts Turnpike. The Massachusetts Bay Transportation Authority (MBTA) provides railroad services to Boston and Framingham.

The Town operates under the Representative Town Meeting form of government with public officers serving as ex-officio members of the town meeting. The legislative body consists of 240 members elected by precincts. Administrative affairs are managed by a five member Board of Selectmen, with the assistance of an Executive Director.

The administration of the general government is the responsibility of the five-member Board of Selectmen; local school affairs are administered by the five-member School Committee; public works are administered by a three-member Board of Public Works; the Municipal Light Plant is administered by the five-member Municipal Light Board that is comprised of the three-member Board of Public Works and two members appointed by the Board of Selectmen; and library affairs are administered by a six-member Board of Library Trustees.

Municipal Services

The Town provides general governmental services within its boundaries including public education in grades kindergarten through twelve, police and fire protection, collection and treatment of sewage, water distribution, electric services, public works, streets, parks and recreation, veteran's services, health and sanitation, and libraries. The water and sewer enterprise funds are self-supporting. The Town maintains a solid waste recycling and disposal facility.

The Town owns and operates a self-supporting municipal light plant. The Municipal Light Board carries out the responsibilities of the Municipal Electric Commissioners as dictated by Massachusetts General Laws, Chapter 164.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

The Town continues to reflect a stronger economic condition than other communities - both within the Commonwealth and nationally. The per capita income is significantly higher than state averages, and the unemployment rate has always been low. The Town remains a very desirable community given its close proximity to Boston and quality of services provided. Although residential sales have slowed in certain price ranges because of the overall negative economic climate, interest in the community remains strong; as evidenced by increasing school enrollment and housing prices.

Wellesley is home to urban professionals whose wealth levels are among the highest in the Commonwealth. Median family incomes of approximately \$135,000 and per capita of approximately \$53,000 are 212% and 204% of state values (2000 census), respectively. Relative wealth is also seen in the owner occupied median housing value, which, at \$848,000 (a 2% increase over the prior year) is more than twice that of the state and four times that of the nation. Although the Town is 87.9% residential, commercial activity is diversified and the presence of Wellesley College and Babson College contribute to a lower unemployment rate and greater economic stability.

The Town continues to manage its financial affairs in a prudent manner. It has maintained its “*excellent*” bond rating of Aaa by incorporating long range planning tools such as a Capital Improvement Program; maintaining reserve balances despite tight budgets; investing in technology to ensure efficient operations; and maintaining an aggressive pay-as-you-go financing strategy for capital improvements.

The Town has also enhanced its revenue flexibility by establishing enterprise funds. This has allowed the Town to shift one hundred percent of the operating cost and capital improvements to the users of electric, water, and sewer services so that no tax support goes towards providing these services. All related debt is funded through user fees. By doing so the Town is able to provide the maximum tax dollars available to all other services. The Town is currently in the process of constructing a new Water/Sewer garage and Electric Light Plant garage/offices.

New High School

The Town implemented a centralized approach to evaluating and maintaining the condition of its buildings in 2007. Significant exempt debt (over \$11 million) has been earmarked for school infrastructure maintenance and improvements. After a multi-year, cross-constituent effort, on December 9, 2008 the Town authorized construction of a new high school with a total projected cost of approximately \$131 million – its largest capital project to date. The Town has received commitment from the Massachusetts School Building Authority of up to \$44 million reimbursement of eligible project costs.

Internal Controls

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Executive Director is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Budgetary Controls

The Board of Selectmen is responsible for annually coordinating the preparation and maintenance of the Town’s Town-Wide Financial Plan. The Town-Wide Financial Plan is a sequenced combination of forecasts of the Town’s operating budget for the current fiscal year and for the next two following fiscal years. The Selectmen work with the various boards established within the Town to coordinate the preparation of a Town-wide budget for the upcoming fiscal year. This budget is then presented to the Annual Town Meeting by the Selectmen, together with any comments of the Advisory Committee.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Finance Director/Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Advisory Committee, upon request by the Board of Selectmen, may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Cash Management

Cash management is handled by the Town Treasurer/Collector, who monitors the Town’s cash flow and provides for the investment of Town funds. The Treasurer/Collector seeks to maximize the return on Town funds while maintaining adequate protection and liquidity of funds.

Quarterly tax billings and excellent collection rates have eliminated the need to borrow on a short-term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on safety, liquidity and yield.

Risk Management

The Town manages its risk through a combination of self-insured programs and premium based coverage with commercial insurance carriers. Workers compensation and unemployment activities are self-insured while exposures to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters are covered through policies purchased from commercial carriers. Third-party coverage is maintained for individual workers' compensation claims in excess of \$550,000. In addition the Town administers a workers compensation internal service fund and has recorded its incurred-but-not-reported liability based on an annual actuarial valuation. Additional information on the Town's risk management activity can be found in the notes to the financial statements.

Pension and Other Post Employment Benefits

The Town contributes to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board. An independent actuary engaged by the Board calculates the amount of the annual contribution that the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As required by law, the Town fully funds each year's annual required contribution to the pension plan as determined by the actuary. The System is one of the few in Massachusetts that is fully funded (1/01/08 actuarial study). Although the next actuarial study is not required until 1/01/10, the unusually turbulent financial markets of the fall of 2008 should be noted. The Retirement Board is currently considering whether or not to resume contributions after a decade-long hiatus.

The Town also provides post retirement health care benefits for certain retirees and their dependents. At June 30, 2008 there were 871 retirees, beneficiaries, and dependents receiving these benefits, which are financed on a pay-as-you-go basis. Recently the GASB issued Statement #43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which are required to be implemented in fiscal years 2008 and 2009, respectively. The Town recognized early the need to provide for this benefit, and *Chapter 88 of the Acts of 2004 – An Act Authorizing the Town of Wellesley to Establish a Group Insurance Liability Fund* was enacted so the Town could officially devise the structure and management of the fund. The Commonwealth approved additional legislation, *Chapter 25 of the Acts of 2007*, to enable the Town to raise taxes necessary to begin funding the liability. The Town has obtained various estimates of the liability and began making contributions to the OPEB trust in 2007. Town Meeting approved an \$18 million capital exclusion to be added to the tax levy for the fiscal years 2008 through 2017 (\$1.8 million per year for 10 years) and the Town is paying another \$1,200,000 per year within the levy to fund the estimated annual required contribution. The three Enterprise funds have been funding their portion of the liability during the same time frame. The Town has implemented GASB Statement #43 for fiscal year end 2007 and is adopting early implementation of GASB Statement #45 for fiscal year 2008. The Town has taken steps to reduce the OPEB liability, as well as current health insurance costs, by offering a number of new, higher co-pay ("Rate Saver") health insurance plans. Creation of these plans has been a multi-year effort and has required complex union negotiations.

We refer you to the notes to the basic financial statements for more information on these matters.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Wellesley for its Comprehensive Annual Financial Reports (CAFR) for the prior four fiscal years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

We would like to express our appreciation to the Finance Department and the members of the other departments who assisted and contributed to the preparation of this report. Credit must also be given to the Town Selectmen for their unflinching support for maintaining the highest standards of professionalism in the management of the Town's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Hans Larsen".

Hans Larsen
Executive Director of General Government Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Wellesley
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

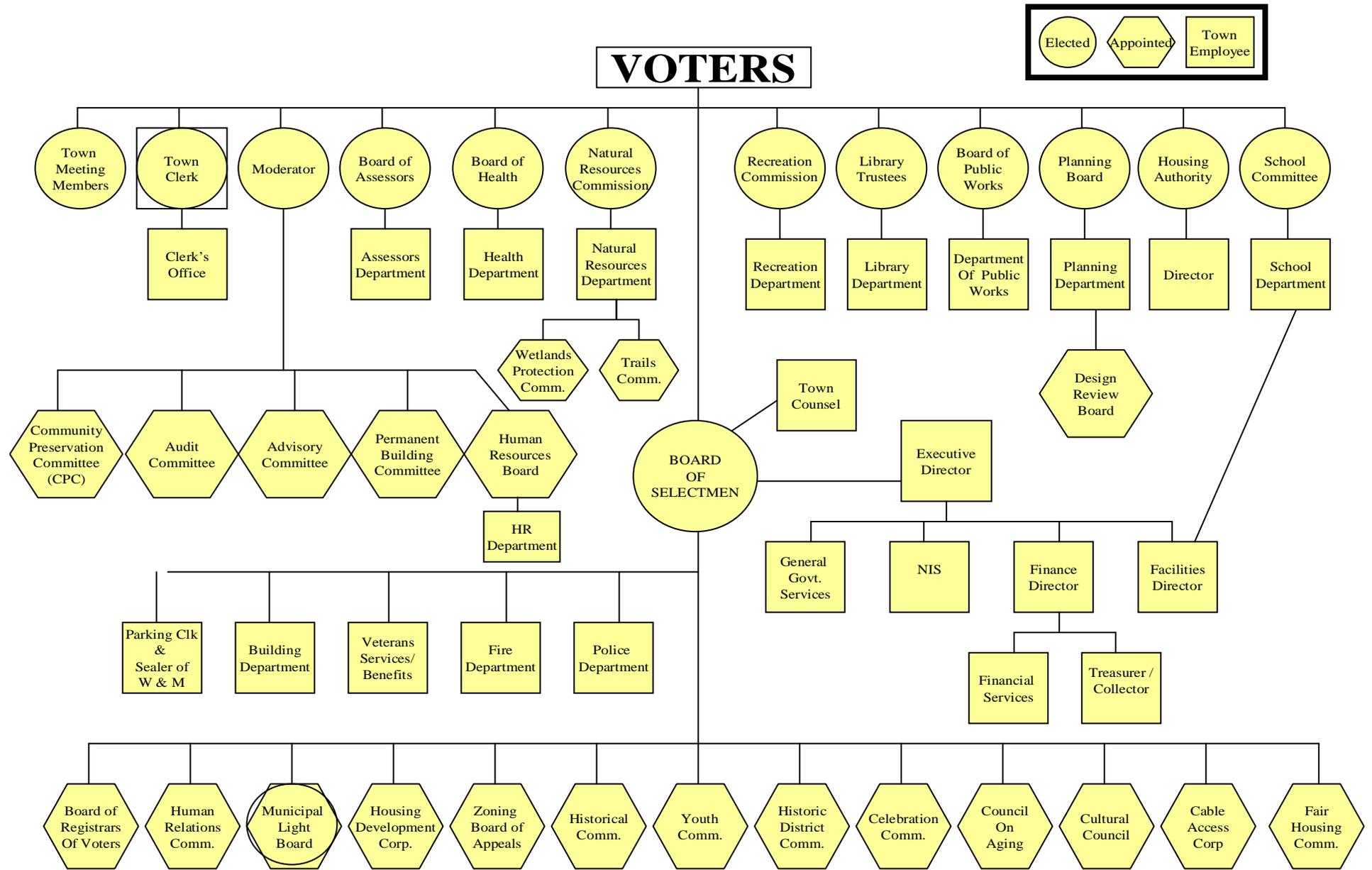


Charles S. Cox

President

Jeffrey R. Emer

Executive Director



Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Gregory B. Mills, Chairperson	2010
	Barbara D. Searle, Vice Chairperson	2011
	Owen H. Dugan, Secretary	2009
	Katherine L. Babson, Jr.	2011
	Harriet S. Warshaw	2009
Moderator	Heather B. Sawitsky	2009
Town Clerk	Kathleen F. Nagle	2009
School Committee	Suzy Littlefield, Chairperson	2010
	Christopher D. T. Guiffre, Vice Chairperson	2011
	Suzanne Newman, Secretary	2011
	Marlene V. Allen	2009
	Michael J. Young	2009

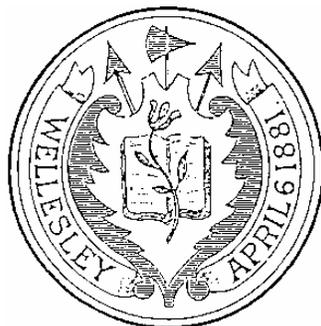
Appointed Officials

Executive Director of General Governmental Services	Hans Larsen
Superintendent of Public Schools	Bella Wong
Town Counsel	Albert S. Robinson
Finance Director/Town Accountant	Sheryl Strother
Chief Assessor	Donna Lee McCabe
Treasurer/Collector	Marc V. Waldman
Fire Chief	Kevin Rooney
Police Chief	Terrence M. Cunningham
Human Resources Director	Susan Adler
Library Director	Janice G. Coduri
Public Works Director	Michael Pakstis
Municipal Light Plant Manager	Richard F. Joyce
Network and Information Systems	Thomas J. D'Orazio
Building Inspector and Zoning Enforcement Officer	Michael Grant
Planning Director	Rick Brown

Financial Section



A specimen sugar maple. The Town of Wellesley has received the Tree City Award for 25 years.



**Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2008**

Financial Section

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Wakefield, MA 01880
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F. 781-914-1701
www.powersandsullivan.com

Independent Auditors' Report

To the Audit Committee
Town of Wellesley, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of and for the fiscal year ended June 30, 2008 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2007), which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wellesley, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of June 30, 2008 (except for the Wellesley Contributory Retirement System which is as of December 31, 2007), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of the Town of Wellesley, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town of Wellesley, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financials statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis and the other post-employment schedule of funding progress and employer contributions, located after the notes to the basic financial statements, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Bowers + Sullivan".

Wakefield, Massachusetts
December 18, 2008

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Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Wellesley, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Wellesley for the fiscal year ended June 30, 2008. This is the sixth year our financial statements have been prepared under the Government Accounting Standards Board Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town's financial statements have significant departures from GAAP the independent auditors may issue a qualified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and our ability to borrow money at favorable interest rates. The Town has enjoyed an unqualified opinion on its financial statements for many years.

Financial Highlights

- The government-wide assets of the Town of Wellesley exceeded its liabilities at the close of the most recent fiscal year by \$128.8 million and \$85.5 million (net assets) for governmental activities and business-type activities, respectively.
- Of these amounts, 21% or \$44.7 million (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current fiscal year, the Town of Wellesley's general fund reported an ending fund balance of \$15.9 million, an increase of \$1.8 million over the prior year. Total fund balance represents 14% of total general fund expenditures. Approximately \$13.6 million of this total amount is available for appropriation at the Town's discretion.
- The Town of Wellesley's total governmental debt increased by approximately \$11 million during the current fiscal year. The increase is the result of \$16.6 million of new issuances primarily for school buildings and infrastructure less \$5.6 million of principal payments on debt previously incurred for school construction and various public works projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Wellesley's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector businesses.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public education, public works, health and human services, library, recreation, traffic and parking management, community preservation, and interest. The business-type activities include the activities of the sewer, water, and electric enterprise funds.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three major governmental funds that are presented separately in the governmental fund financial statements. The remaining non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains two types of proprietary funds.

Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, and electric operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for sewer, water, and electric operations, all of which are considered major funds of the Town.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town maintains an internal service fund to account for health insurance, self-insured worker's compensation, information technology services, and fleet maintenance and fuel.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Wellesley, assets exceeded liabilities by \$214 million at the close of the fiscal year 2008.

Government-wide net assets of \$161 million (75%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Wellesley's net assets, \$8.6 million (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$44.7 million (21%), may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Wellesley is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Details related to the Town's governmental and business-type activities follow.

Governmental activities. The governmental activities net assets increased by \$8 million during the current fiscal year as compared to an increase in net assets of \$11 million during the prior fiscal year. The key element of the change for FY2008 relates mainly to planned increases in expenses. Revenue sources have been predictable and the Town experienced an overall 6% increase in revenue primarily from operating school grants and real estate tax collections. Expenses increased in virtually all functional categories with the largest increases being in education and public works.

Governmental Activities Condensed Statement of Net Assets

	2008	2007
Assets:		
Current assets.....	\$ 69,750,328	\$ 50,066,325
Noncurrent assets (excluding capital).....	2,937,007	4,491,626
Capital assets, non depreciable.....	10,167,607	32,365,502
Capital assets, net of accumulated depreciation.....	130,755,986	105,056,930
Total assets.....	213,610,928	191,980,383
Liabilities:		
Current liabilities (excluding debt).....	7,658,423	6,951,544
Noncurrent liabilities (excluding debt).....	799,709	1,124,177
Current debt.....	20,556,500	16,837,000
Noncurrent debt.....	55,795,000	45,995,000
Total liabilities.....	84,809,632	70,907,721
Net Assets:		
Capital assets net of related debt.....	90,783,718	89,282,328
Restricted.....	8,586,171	8,820,120
Unrestricted.....	29,431,407	22,970,214
Total net assets.....	\$ 128,801,296	\$ 121,072,662

Governmental capital assets increased during the year by approximately \$3.5 million. This was the result of \$9.8 million of additions primarily in the areas of school buildings and infrastructure. Depreciation expense was recorded in the amount of approximately \$6.3 million. Current assets increased mainly due to unspent bond proceeds in the capital project fund.

Governmental Activities Condensed Statement of Activities

	2008		2007
Program revenues:			
Charges for services..... \$	8,973,513	\$	9,184,467
Operating grants and contributions.....	19,689,507		16,814,232
Capital grants and contributions.....	2,012,223		3,160,217
General Revenues:			
Real estate and personal property taxes.....	83,982,678		78,163,604
Motor vehicle and other excise taxes.....	4,447,163		4,208,500
Community preservation tax.....	761,549		714,889
Nonrestricted grants, contributions, and other.....	4,260,435		2,459,970
Unrestricted investment income.....	2,190,464		4,088,451
Total revenues.....	126,317,532		118,794,330
Expenses:			
General Government.....	5,985,099		5,684,079
Public Safety.....	12,304,806		12,196,439
Public Education.....	80,998,592		72,434,095
Public Works.....	10,256,928		8,910,481
Health and human services.....	1,173,150		1,099,860
Library.....	3,588,760		3,313,582
Recreation.....	2,317,498		1,859,635
Traffic and parking management.....	391,994		410,319
Community preservation.....	61,876		156,154
Interest.....	2,510,195		2,715,786
Total expenses.....	119,588,898		108,780,430
Excess (Deficiency) before transfers.....	6,728,634		10,013,900
Transfers.....	1,000,000		1,000,000
Change in net assets..... \$	7,728,634	\$	11,013,900

Other financial notes related to governmental activities:

- Charges for services represented 7% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category.
- Operating grants and contributions accounted for 16% percent of the governmental activities resources. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their General Fund operating budget.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 66% of current resources.
- Other taxes and other revenues comprised a total of 11% percent of the governmental activities resources. These primarily include capital grants, excise taxes, contributions, and investment earning.
- Education is by far the largest governmental activity of the Town. Approximately \$60 million in taxes and other revenue were needed to cover its Fiscal 2008 operating expenses. A pension contribution of approximately \$8.8 million made by the state on-behalf of Wellesley teachers was recorded as an expense and grant revenue.

- Public safety and public works are the second and third largest activities of the Town. Approximately \$9.2 million and \$8.2 million, respectively, of taxes and other revenue were needed to cover their Fiscal 2008 operating expenses. Public works expenses increased by approximately \$1.3 million from general fund activities and for depreciation expense.

Business-type activities. Business-type activities increased the Town's net assets by \$1.1 million compared to an increase of \$7.8 million during the previous fiscal year. Key elements of this change relate mainly to the operations of the Electric Light Department where the department absorbed significant increases in power acquisition related expenses during the year.

As shown below, business-type activities assets exceeded liabilities by \$85.5 million at the close of fiscal year 2008. Capital assets net of related debt was \$70.2 million (82%) while unrestricted net assets were \$15.3 million (18%). The Electric Light department experienced a (\$693,000) decrease in net assets, after transferring \$1 million to the governmental activities, while the water and sewer funds recovered all of their costs through rates. These results continue to reflect management's goal of maintaining the systems while only charging users for the cost of operations.

Business-type Condensed Statement of Net Assets

	2008	2007
Assets:		
Current assets.....	\$ 19,469,543	\$ 25,869,488
Noncurrent assets (excluding capital).....	1,566,481	483,700
Capital assets, non depreciable.....	4,915,501	512,083
Capital assets, net of accumulated depreciation.....	67,385,230	64,619,380
Total assets.....	93,336,755	91,484,651
Liabilities:		
Current liabilities (excluding debt).....	4,275,154	3,297,740
Noncurrent liabilities (excluding debt).....	35,893	22,098
Current debt.....	679,821	620,839
Noncurrent debt.....	2,819,035	3,120,953
Total liabilities.....	7,809,903	7,061,630
Net Assets:		
Capital assets net of related debt.....	70,218,356	61,389,671
Unrestricted.....	15,308,496	23,033,350
Total net assets.....	\$ 85,526,852	\$ 84,423,021

Noncurrent assets include the internal balances, advances to the capital projects fund from the Electric Department and the Electric Light Department's \$150,000 investment in a local purchasing consortium for its power sources.

	<u>2008</u>	<u>2007</u>
Program revenues:		
Charges for services..... \$	42,463,907	\$ 33,238,817
Capital grants and contributions.....	950,222	1,252,940
General Revenues:		
Unrestricted investment income.....	17,598	93,578
Total revenues.....	<u>43,431,727</u>	<u>34,585,335</u>
 Expenses:		
Sewer.....	5,921,175	5,643,469
Water.....	4,431,064	4,091,223
Electric department.....	30,975,657	16,090,148
 Total expenses.....	<u>41,327,896</u>	<u>25,824,840</u>
 Excess (Deficiency) before transfers.....	2,103,831	8,760,495
 Transfers.....	<u>(1,000,000)</u>	<u>(1,000,000)</u>
 Change in net assets..... \$	<u><u>1,103,831</u></u>	<u><u>7,760,495</u></u>

Financial Analysis of the Government's Major Funds

As noted earlier, The Town of Wellesley uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$34.8 million, an increase of \$9 million for the year. The increase is mainly related to the issuance of long-term debt for various construction projects.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$13.6 million, while the total fund balance was \$15.9 million. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to total fund expenditures. The unreserved fund balance represents 12.4% of total general fund expenditures, while the total fund balance represents 14.5% of that same amount.

Fund balance of the General Fund increased by \$1.8 million during fiscal year 2008. This is primarily due to management's ability to monitor budgetary results during the year and its goal of maintaining the Town's strong financial position.

Stabilization Major Fund

The stabilization fund is a special revenue fund used to account of the accumulation of resources to be used for general and/or capital purposes upon approval of Town Meeting. The fund increased by \$171,000 in fiscal 2008 from transfers in from the general fund. The fund experienced investment losses totaling (\$329,000).

Capital Projects Major Fund

Capital funds under the modified accrual basis of accounting normally have significant fluctuations as major capital projects are constructed. During FY2008, the Town issued \$13 million in new bond anticipation notes and permanently financed \$16.5 million of long-term debt to assist the funding of various school construction projects, the enterprise fund garage projects under the control of the Permanent Building Committee, and various other public works related projects. The fund had expenditures of \$8.8 million leaving an ending fund balance of \$6.4 million.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

Differences between the original general fund budget appropriations and the final budget of approximately \$1.2 million is mainly due to additional appropriations for special education in the amount of \$530,000, snow and ice removal in the amount of \$400,000, and for public safety and public works activities in the amount of \$196,000.

Total general fund revenues were slightly less than budgeted amounts because real estate and personal property tax collections and department and other receipts were less than budgeted amounts by approximately 1.3% and 19.3%, respectively. Department and other revenue was less than budget due to the recording of certain recreational revenues in a revolving fund established specifically for that purpose.

Capital Assets and Debt Management

In conjunction with the operating budget, the Town annually prepares a capital budget which includes detailed information concerning those capital requests for the upcoming fiscal year as well as summary information for the following four fiscal years to identify current projections of what level of capital outlay will be required in future years.

As part of the capital plan the Town has historically financed the acquisition of a portion of its capital assets from current revenue. As noted earlier, this policy will continue to improve the financial position as net assets will increase by the amount of acquisitions less the current depreciation.

Major capital assets are funded by the issuance of long-term debt. The effect on net assets during the construction phase of the project is neutral since the Town increased its assets and associated liabilities by the same amount. In subsequent years the net assets will be reduced through depreciation and will be increased by the revenues raised to support the debt principal payments. Outstanding long-term debt of the general government, as of June 30, 2008, totaled \$62.6 million, of which, \$48.2 million is related to school projects, \$5.3 million is related to the new library, \$5.5 million is related to the Warren building renovation, leaving a balance of \$3.6 million for other Town projects.

The enterprise funds have \$482,000 in sewer enterprise debt and \$3 million in water enterprise debt that is fully supported by the rates and do not rely on a general fund subsidy.

The Town's major capital project fund is used mainly to account for the Town's school construction projects. To fund these school projects, the Town issued \$16 million of long-term bonds in Fiscal 2001, \$5.5 million of long-term bonds in Fiscal 2003, \$17.3 million of long-term bonds in Fiscal 2005, \$9.9 million of long-term bonds in Fiscal 2006, and \$16.6 million in Fiscal 2008. In addition, the Commonwealth of Massachusetts, through the Massachusetts School Building Authority (MSBA), has provided approximately \$12.7 million in the form of a grant equal to 57% of the approved costs, as defined, of the Bates and Sprague elementary school expansion and renovation projects which have been completed.

Please refer to notes 5, 7, and 8 to the financial statements for further discussion of the major capital and debt activity.

Pension Trust Fund

The Pension Trust Fund (System) recognized total additions of \$13.7 million, including \$10.6 million of investment income. These gains were partially offset by \$8.1 million of pension benefits paid out to retirees and eligible survivors. Total net assets of the System amounted to \$144.3 million. The System is fully funded on an actuarial basis and the Town has not been required to make any contributions in several years.

The Wellesley Retirement Board voted unanimously on August 29, 2007 to transfer all of its assets to the PRIM Board (Massachusetts- Pension Reserves Investment Management), said funds to be invested in the PRIT (Pension Reserves Investment Trust). The PRIT Fund has increased fiduciary oversight, with a large, well-qualified staff who continually monitor investments and who can respond more quickly to the changing investment climate.

As noted in the Subsequent Event footnote (Note 3) to the financial statements, the market value of the System's assets invested in the PRIT fund have declined in value by approximately \$42.7 million, or approximately 30% based on the most recent information provided by the fund. It is currently not possible to predict whether this decline will be permanent and no changes have been made with respect to the nature of the investments as of the date of this report.

Other Post-employment Benefits

The Town implemented GASB Statement 45 during this fiscal year. As of June 30, 2008 the Town has recognized a liability for other post-employment liabilities based on its Annual Required Contribution (ARC) in the amount of approximately \$270,000. The ARC amounted to \$7,794,493 and the Town contributed \$7,524,218 through a combination of benefit payments and pre-fundings to the OPEB Trust fund in the amounts of \$4,187,149 and \$3,337,069, respectively. The assets set aside in trust for future benefits amounted to \$3,961,548 at fiscal year end.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 525 Washington Street, Wellesley, MA 02482.

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 56,602,687	\$ 12,735,474	\$ 69,338,161
Investments.....	6,016,421	357,180	6,373,601
Receivables, net of allowance for uncollectibles:			
Real estate, personal property and tax deferrals.....	2,407,188	-	2,407,188
Tax liens.....	617,859	-	617,859
Motor vehicle excise taxes.....	317,816	-	317,816
User charges.....	-	4,081,329	4,081,329
Departmental and other.....	120,980	-	120,980
Intergovernmental.....	3,667,377	-	3,667,377
Inventory.....	-	944,494	944,494
Purchased power advance deposits.....	-	1,179,905	1,179,905
Other assets.....	-	171,161	171,161
Total Current Assets.....	69,750,328	19,469,543	89,219,871
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	4,353,488	-	4,353,488
Internal balances.....	(1,416,481)	1,416,481	-
Investment in Energy New England, LLC.....	-	150,000	150,000
Capital assets, non depreciable.....	10,167,607	4,915,501	15,083,108
Capital assets, net of accumulated depreciation.....	130,755,986	67,385,230	198,141,216
Total Noncurrent Assets.....	143,860,600	73,867,212	217,727,812
TOTAL ASSETS.....	213,610,928	93,336,755	306,947,683
LIABILITIES			
CURRENT:			
Warrants payable.....	2,299,385	3,265,424	5,564,809
Accrued payroll.....	2,907,054	104,467	3,011,521
Tax refunds payable.....	214,400	-	214,400
Accrued interest.....	155,888	4,246	160,134
Other liabilities.....	-	877,117	877,117
Unearned revenues.....	1,578,496	-	1,578,496
Compensated absences.....	203,200	23,900	227,100
Workers' compensation.....	300,000	-	300,000
Bonds and notes payable.....	20,556,500	679,821	21,236,321
Total Current Liabilities.....	28,214,923	4,954,975	33,169,898
NONCURRENT:			
Compensated absences.....	135,407	15,921	151,328
Workers' compensation.....	414,000	-	414,000
Other post-employment benefits.....	250,302	19,972	270,274
Bonds and notes payable.....	55,795,000	2,819,035	58,614,035
Total Noncurrent Liabilities.....	56,594,709	2,854,928	59,449,637
TOTAL LIABILITIES.....	84,809,632	7,809,903	92,619,535
NET ASSETS			
Invested in capital assets, net of related debt.....	90,783,718	70,218,356	161,002,074
Restricted for:			
Permanent funds:			
Expendable.....	2,446,689	-	2,446,689
Nonexpendable.....	220,421	-	220,421
Grants and gifts.....	1,252,469	-	1,252,469
Community preservation.....	4,666,592	-	4,666,592
Unrestricted.....	29,431,407	15,308,496	44,739,903
TOTAL NET ASSETS.....	\$ 128,801,296	\$ 85,526,852	\$ 214,328,148

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 5,985,099	\$ 529,629	\$ 65,977	\$ 215,000	\$ (5,174,493)
Public safety.....	12,304,806	3,013,488	73,898	-	(9,217,420)
Public education.....	80,998,592	2,783,042	18,252,263	-	(59,963,287)
Public works.....	10,256,928	771,890	48,216	1,258,532	(8,178,290)
Health and human services.....	1,173,150	107,253	29,858	-	(1,036,039)
Library.....	3,588,760	-	45,401	-	(3,543,359)
Recreation.....	2,317,498	1,180,290	947,136	-	(190,072)
Traffic and parking management.....	391,994	587,921	-	-	195,927
Community preservation.....	61,876	-	-	538,691	476,815
Interest.....	2,510,195	-	226,758	-	(2,283,437)
Total Governmental Activities.....	119,588,898	8,973,513	19,689,507	2,012,223	(88,913,655)
<i>Business-Type Activities:</i>					
Sewer.....	5,921,175	6,311,058	-	181,461	571,344
Water.....	4,431,064	5,593,872	-	59,726	1,222,534
Electric department.....	30,975,657	30,558,977	-	709,035	292,355
Total Business-Type Activities.....	41,327,896	42,463,907	-	950,222	2,086,233
Total Primary Government.....	\$ 160,916,794	\$ 51,437,420	\$ 19,689,507	\$ 2,962,445	\$ (86,827,422)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (88,913,655)	\$ 2,086,233	\$ (86,827,422)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds.....	83,801,142	-	83,801,142
Tax liens.....	181,536	-	181,536
Motor vehicle and other excise taxes.....	4,420,460	-	4,420,460
Hotel/motel tax.....	26,703	-	26,703
Community preservation tax.....	761,549	-	761,549
Penalties and interest on taxes.....	154,007	-	154,007
Payments in lieu of taxes.....	517,690	-	517,690
Grants and contributions not restricted to specific programs.....	3,569,651	-	3,569,651
Interest income.....	2,914,039	-	2,914,039
Other investment income (loss).....	(723,575)	17,598	(705,977)
Miscellaneous.....	19,087	-	19,087
<i>Transfers, net</i>	1,000,000	(1,000,000)	-
Total general revenues and transfers.....	96,642,289	(982,402)	95,659,887
Change in net assets.....	7,728,634	1,103,831	8,832,465
<i>Net Assets:</i>			
Beginning of year.....	121,072,662	84,423,021	205,495,683
End of year.....	\$ <u>128,801,296</u>	\$ <u>85,526,852</u>	\$ <u>214,328,148</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2008

ASSETS	General	Stabilization Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 20,630,291	\$ 71,163	\$ 22,196,242	\$ 12,230,544	\$ 55,128,240
Investments.....	560,133	2,079,666	609,405	2,378,788	5,627,992
Receivables, net of uncollectibles:					
Real estate, personal property and tax deferrals	2,407,188	-	-	-	2,407,188
Tax liens.....	617,859	-	-	-	617,859
Motor vehicle excise taxes.....	317,816	-	-	-	317,816
Departmental and other.....	28,538	-	-	80,475	109,013
Intergovernmental.....	4,975,326	-	-	3,045,539	8,020,865
Due from other funds.....	-	-	-	7,255	7,255
TOTAL ASSETS.....	\$ 29,537,151	\$ 2,150,829	\$ 22,805,647	\$ 17,742,601	\$ 72,236,228
LIABILITIES					
LIABILITIES:					
Warrants payable.....	\$ 878,756	\$ -	\$ 1,158,006	\$ 208,465	\$ 2,245,227
Accrued payroll.....	2,867,246	-	1,354	24,395	2,892,995
Tax refunds payable.....	214,400	-	-	-	214,400
Deferred revenues and advance collections.....	9,690,068	-	-	3,098,107	12,788,175
Advances from other funds.....	-	-	1,416,481	7,255	1,423,736
Notes payable.....	-	-	13,796,500	-	13,796,500
TOTAL LIABILITIES.....	13,650,470	-	16,372,341	3,338,222	33,361,033
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	2,298,533	-	-	-	2,298,533
Perpetual permanent funds.....	-	-	-	220,421	220,421
Unreserved:					
Undesignated, reported in:					
General fund.....	13,588,148	-	-	-	13,588,148
Special revenue funds.....	-	2,150,829	-	11,737,269	13,888,098
Capital projects funds.....	-	-	6,433,306	-	6,433,306
Permanent funds.....	-	-	-	2,446,689	2,446,689
TOTAL FUND BALANCES.....	15,886,681	2,150,829	6,433,306	14,404,379	38,875,195
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 29,537,151	\$ 2,150,829	\$ 22,805,647	\$ 17,742,601	\$ 72,236,228

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**

June 30, 2008

Total governmental fund balances.....		\$ 38,875,195
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		140,923,593
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		11,209,679
Internal service funds are used by management to account for health insurance activities, workers' compensation activities, and for information technology services and fleet maintenance services.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		1,092,626
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(155,888)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable.....	(62,555,000)	
Compensated absences.....	(338,607)	
Other post-employment benefits.....	(250,302)	
Net effect of reporting long-term liabilities.....		<u>(63,143,909)</u>
Net assets of governmental activities.....		<u>\$ 128,801,296</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2008

	General	Stabilization Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 82,634,198	\$ -	\$ -	\$ -	\$ 82,634,198
Tax liens.....	181,536	-	-	-	181,536
Motor vehicle and other excise taxes.....	4,369,268	-	-	-	4,369,268
Payments in lieu of taxes.....	517,690	-	-	-	517,690
Penalties and interest on taxes.....	154,007	-	-	-	154,007
Charges for services.....	-	-	-	953,550	953,550
Parking meter receipts.....	-	-	-	587,921	587,921
Intergovernmental.....	16,265,249	-	-	5,221,865	21,487,114
Departmental and other.....	3,760,422	-	-	3,729,822	7,490,244
Community preservation tax.....	-	-	-	761,549	761,549
Contributions.....	-	-	-	3,091,800	3,091,800
Interest income.....	2,544,399	89,660	-	279,980	2,914,039
Other investment income (loss).....	-	(419,014)	-	(304,561)	(723,575)
TOTAL REVENUES.....	110,426,769	(329,354)	-	14,321,926	124,419,341
EXPENDITURES:					
Current:					
General government.....	3,946,281	-	18,500	341,747	4,306,528
Public safety.....	9,546,962	-	-	548,863	10,095,825
Public education.....	49,866,804	-	8,548,323	7,276,966	65,692,093
Public works.....	7,785,101	-	157,951	387,095	8,330,147
Health and human services.....	828,845	-	-	176,155	1,005,000
Recreation.....	415,573	-	-	1,517,735	1,933,308
Library.....	2,363,000	-	34,689	299,930	2,697,619
Teachers pension benefits - state funded.....	8,848,569	-	-	-	8,848,569
Employee benefits.....	16,988,115	-	-	90,064	17,078,179
Traffic and parking management.....	-	-	-	391,994	391,994
Community preservation.....	-	-	-	61,876	61,876
State and county charges.....	1,009,686	-	-	-	1,009,686
Debt service:					
Principal.....	5,570,000	-	-	-	5,570,000
Interest.....	2,498,646	-	-	-	2,498,646
TOTAL EXPENDITURES.....	109,667,582	-	8,759,463	11,092,425	129,519,470
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	759,187	(329,354)	(8,759,463)	3,229,501	(5,100,129)
OTHER FINANCING SOURCES (USES):					
Issuance of long-term debt.....	-	-	16,560,000	-	16,560,000
Premium from issuance of bonds.....	226,758	-	-	-	226,758
Transfers in.....	1,581,426	500,000	3,091,162	313,443	5,486,031
Transfers out.....	(813,443)	-	-	(3,285,126)	(4,098,569)
TOTAL OTHER FINANCING SOURCES (USES).....	994,741	500,000	19,651,162	(2,971,683)	18,174,220
NET CHANGE IN FUND BALANCES.....	1,753,928	170,646	10,891,699	257,818	13,074,091
FUND BALANCES AT BEGINNING OF YEAR.....	14,132,753	1,980,183	(4,458,393)	14,146,561	25,801,104
FUND BALANCES AT END OF YEAR.....	\$ 15,886,681	\$ 2,150,829	\$ 6,433,306	\$ 14,404,379	\$ 38,875,195

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds.....		\$ 13,074,091
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	9,770,283	
Depreciation expense.....	<u>(6,269,122)</u>	
Net effect of reporting capital assets.....		3,501,161
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		1,671,433
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of long-term debt.....	(16,560,000)	
Debt service principal payments.....	<u>5,570,000</u>	
Net effect of reporting long-term debt.....		(10,990,000)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	305,870	
Net change in other postemployment benefits accrual.....	(250,302)	
Net change in accrued interest on long-term debt.....	<u>(11,549)</u>	
Net effect of recording long-term liabilities.....		44,019
<p>Internal service funds are used by management to account for health insurance activities, workers' compensation activities, and for information technology services and fleet maintenance services.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>427,930</u>
Change in net assets of governmental activities.....		<u>\$ 7,728,634</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 2,713,070	\$ 2,784,638	\$ 7,237,766	\$ 12,735,474	\$ 1,474,447
Investments.....	74,492	75,631	207,057	357,180	388,429
Receivables, net of allowance for uncollectibles:					
User charges.....	497,527	546,307	3,037,495	4,081,329	-
Departmental and other.....	-	-	-	-	11,967
Inventory.....	-	100,653	843,841	944,494	-
Purchased power advance deposits.....	-	-	1,179,905	1,179,905	-
Other assets.....	-	-	171,161	171,161	-
Total current assets.....	3,285,089	3,507,229	12,677,225	19,469,543	1,874,843
NONCURRENT:					
Advances to other funds.....	-	-	1,416,481	1,416,481	-
Investment in Energy New England, LLC.....	-	-	150,000	150,000	-
Capital assets, nondepreciable.....	316,657	491,844	4,107,000	4,915,501	-
Capital assets, net of accumulated depreciation.....	10,920,813	13,710,985	42,753,432	67,385,230	-
Total noncurrent assets.....	11,237,470	14,202,829	48,426,913	73,867,212	-
TOTAL ASSETS.....	14,522,559	17,710,058	61,104,138	93,336,755	1,874,843
LIABILITIES					
CURRENT:					
Warrants payable.....	131,725	118,758	3,014,941	3,265,424	54,158
Accrued payroll.....	-	28,859	75,608	104,467	14,059
Accrued interest.....	-	4,246	-	4,246	-
Other liabilities.....	2,075	37,720	837,322	877,117	-
Compensated absences.....	-	5,600	18,300	23,900	-
Workers' compensation.....	-	-	-	-	300,000
Bonds and notes payable.....	149,577	530,244	-	679,821	-
Total current liabilities.....	283,377	725,427	3,946,171	4,954,975	368,217
NONCURRENT:					
Compensated absences.....	-	3,761	12,160	15,921	-
Workers' compensation.....	-	-	-	-	414,000
Other post-retirement benefits.....	2,897	2,897	14,178	19,972	-
Bonds and notes payable.....	332,183	2,486,852	-	2,819,035	-
Total noncurrent liabilities.....	335,080	2,493,510	26,338	2,854,928	414,000
TOTAL LIABILITIES.....	618,457	3,218,937	3,972,509	7,809,903	782,217
NET ASSETS					
Invested in capital assets, net of related debt.....	10,755,710	11,185,733	48,276,913	70,218,356	-
Unrestricted.....	3,148,392	3,305,388	8,854,716	15,308,496	1,092,626
TOTAL NET ASSETS.....	\$ 13,904,102	\$ 14,491,121	\$ 57,131,629	\$ 85,526,852	\$ 1,092,626

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
OPERATING REVENUES:					
Charges for services	\$ 6,258,638	\$ 5,593,872	\$ 26,809,832	\$ 38,662,342	\$ 14,166,540
Contracted services.....	-	-	2,973,442	2,973,442	-
Employee contributions	-	-	-	-	4,966,343
Other.....	52,420	-	775,703	828,123	-
TOTAL OPERATING REVENUES	6,311,058	5,593,872	30,558,977	42,463,907	19,132,883
OPERATING EXPENSES:					
MWRA Assessment.....	4,453,740	567,008	-	5,020,748	-
Production.....	-	-	20,819,302	20,819,302	-
Transmission and distribution.....	-	939,318	4,938,868	5,878,186	-
Cost of contracted services.....	-	-	2,000,868	2,000,868	-
Other source of supply.....	-	95,438	-	95,438	-
Pumping and treatment.....	242,698	824,819	-	1,067,517	-
Collection.....	353,942	-	-	353,942	-
Customer accounts.....	82,203	175,239	378,573	636,015	-
Supplies and services.....	-	-	-	-	18,382,782
Administration and general.....	509,999	908,758	427,460	1,846,217	-
Depreciation.....	278,593	800,031	2,381,085	3,459,709	-
TOTAL OPERATING EXPENSES	5,921,175	4,310,611	30,946,156	41,177,942	18,382,782
OPERATING INCOME (LOSS).....	389,883	1,283,261	(387,179)	1,285,965	750,101
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	9,665	7,933	-	17,598	65,291
Interest expense.....	-	(120,453)	(29,501)	(149,954)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	9,665	(112,520)	(29,501)	(132,356)	65,291
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS.....	399,548	1,170,741	(416,680)	1,153,609	815,392
CAPITAL CONTRIBUTIONS.....	181,461	59,726	709,035	950,222	-
TRANSFERS:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	(387,462)
CHANGE IN NET ASSETS.....	581,009	1,230,467	(707,645)	1,103,831	427,930
NET ASSETS AT BEGINNING OF YEAR.....	13,323,093	13,260,654	57,839,274	84,423,021	664,696
NET ASSETS AT END OF YEAR.....	\$ 13,904,102	\$ 14,491,121	\$ 57,131,629	\$ 85,526,852	\$ 1,092,626

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 6,262,228	\$ 5,559,214	\$ 30,415,733	\$ 42,237,175	\$ 4,954,376
Receipts from interfund services provided.....	-	-	-	-	14,166,540
Payments to vendors.....	(4,881,486)	(1,941,831)	(27,091,072)	(33,914,389)	-
Payments to employees.....	(675,364)	(1,498,084)	(1,508,521)	(3,681,969)	(1,477,507)
Payments for interfund services used.....	-	-	-	-	(17,095,933)
NET CASH FROM OPERATING ACTIVITIES.....	705,378	2,119,299	1,816,140	4,640,817	547,476
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	(387,462)
Advances to other funds.....	-	-	(1,233,481)	(1,233,481)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds and notes.....	211,915	165,987	-	377,902	-
Capital contributions.....	181,461	59,726	709,035	950,222	-
Acquisition and construction of capital assets.....	(565,198)	(646,530)	(9,245,107)	(10,456,835)	-
Principal payments on bonds and notes.....	(107,193)	(513,645)	-	(620,838)	-
Interest expense.....	-	(121,260)	(29,501)	(150,761)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(279,015)	(1,055,722)	(8,565,573)	(9,900,310)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments.....	583,786	444,073	4,115,549	5,143,408	1,091,458
Purchase of investments.....	(74,492)	(75,631)	(207,057)	(357,180)	(388,429)
Investment in Energy New England, LLC.....	-	-	(150,000)	(150,000)	-
Investment income.....	9,665	7,933	-	17,598	65,291
NET CASH FROM INVESTING ACTIVITIES.....	518,959	376,375	3,758,492	4,653,826	768,320
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	945,322	1,439,952	(5,224,422)	(2,839,148)	928,334
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	1,767,748	1,344,686	12,462,188	15,574,622	546,113
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 2,713,070	\$ 2,784,638	\$ 7,237,766	\$ 12,735,474	\$ 1,474,447
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 389,883	\$ 1,283,261	\$ (387,179)	\$ 1,285,965	\$ 750,101
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	278,593	800,031	2,381,085	3,459,709	-
Loss on disposal of capital assets.....	-	-	128,558	128,558	-
Changes in assets and liabilities:					
User charges.....	(51,727)	(37,555)	(157,422)	(246,704)	-
Department and other receivables.....	-	-	-	-	(11,967)
Inventory.....	-	41,277	219,370	260,647	-
Purchased power advance deposits.....	-	-	(1,179,905)	(1,179,905)	-
Other assets.....	-	-	(59,469)	(59,469)	-
Warrants payable.....	85,732	54,155	778,039	917,926	13,446
Accrued payroll.....	-	(18,428)	(5,536)	(23,964)	(4,104)
Other liabilities.....	-	-	85,759	85,759	-
Compensated absences.....	-	(6,339)	(1,338)	(7,677)	-
Workers' compensation.....	-	-	-	-	(200,000)
Other post-retirement benefits.....	2,897	2,897	14,178	19,972	-
Total adjustments.....	315,495	836,038	2,203,319	3,354,852	(202,625)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 705,378	\$ 2,119,299	\$ 1,816,140	\$ 4,640,817	\$ 547,476

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008

	Pension Trust Fund (as of December 31, 2007)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Cash and cash equivalents.....	\$ 571,930	\$ -	\$ 8,950	\$ 1,136,718
Investments:				
Equity securities.....	-	-	307,280	-
Equity mutual funds.....	-	3,961,548	-	-
PRIT funds.....	143,733,445	-	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other receivables.....	380,973	-	-	-
TOTAL ASSETS.....	144,686,348	3,961,548	316,230	1,136,718
LIABILITIES				
Accrued liabilities.....	388,222	-	-	-
Liabilities due depositors.....	-	-	-	1,136,718
TOTAL LIABILITIES.....	388,222	-	-	1,136,718
NET ASSETS				
Held in trust for retirement and OPEB benefits and other purposes.....	\$ 144,298,126	\$ 3,961,548	\$ 316,230	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2008

	Pension Trust Fund (as of December 31, 2007)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:			
Contributions:			
Employer.....	\$ -	\$ 3,337,069	\$ -
Plan members.....	2,504,228	-	-
Private donations.....	-	-	1,657
Total contributions.....	2,504,228	3,337,069	1,657
Net investment income:			
Net change in fair value of investments.....	5,721,548	(396,107)	(63,105)
Interest.....	3,600,607	124,734	14,422
Dividends.....	1,428,341	-	-
Total investment income.....	10,750,496	(271,373)	(48,683)
Less: investment expense.....	(155,140)	-	-
Net investment income.....	10,595,356	(271,373)	(48,683)
Intergovernmental.....	290,029	-	-
Transfers from other systems.....	317,040	-	-
TOTAL ADDITIONS.....	13,706,653	3,065,696	(47,026)
DEDUCTIONS:			
Administration.....	1,000,806	-	-
Transfers to other systems.....	710,623	-	-
Retirement benefits and refunds.....	8,071,869	-	-
Educational scholarships.....	-	-	20,200
TOTAL DEDUCTIONS.....	9,783,298	-	20,200
CHANGE IN NET ASSETS.....	3,923,355	3,065,696	(67,226)
NET ASSETS AT BEGINNING OF YEAR.....	140,374,771	895,852	383,456
NET ASSETS AT END OF YEAR.....	\$ 144,298,126	\$ 3,961,548	\$ 316,230

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Wellesley, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1881 under the statutes of the Commonwealth of Massachusetts (the "Commonwealth"). The Town is a municipal corporation governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Blended Component Units – Blended component units are entities that are legally separate from the Town, but are so related that they are, in substance, the same as the Town or entities providing services entirely or almost entirely for the benefit of the Town. The following component unit is blended within the primary government:

In the Fiduciary Funds:

- (1) The Wellesley Contributory Retirement System (the System) was established to provide retirement benefits to Town employees, the Wellesley Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the Finance Director (ex-officio), two members elected by the System's participants, one member appointed by the Board of Selectmen and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

Availability of Financial Information for Component Units

The System issues a publicly available audited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 525 Washington Street, Wellesley, MA 02482.

B. Government-Wide and Fund-Level Financial Statements*Government-Wide Financial Statements*

The government-wide financial statements (i.e., statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual criteria" is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *stabilization fund* is a special revenue fund used to account for the accumulation of resources for the benefit of future general and/or capital purposes.

The *capital projects fund* is used to account for financial resources used for the acquisition of major capital assets except those financed entirely by the general or the proprietary funds.

The nonmajor governmental funds consist of other special revenue and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to provide separate accountability for revenues that are restricted to expenditures for specified purposes (other than major capital projects). The special revenue funds are reported in the nonmajor funds column of the governmental fund financial statements.

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. The permanent funds are also reported in the nonmajor funds column of the governmental funds financial statements.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *electric fund* is used to account for operations of the municipal light department that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *water fund* is used to account for water distribution operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *sewer fund* is used to account for sewage treatment operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of goods or services provided by one department to other departments of the town on a cost-reimbursement basis. The Town's internal service fund is used to account for the financing of medical claims of all covered town employees and their covered dependents, the financing of the self-insured workers' compensation plan, information technology services, fleet maintenance and fuel.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *pension trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *other postemployment benefit trust fund* accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trust funds have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The restrictions

and trustee policies only allows the trustees to approve spending of the realized investment earnings. The Town's educational scholarships are accounted for in this fund.

The *agency fund* is used to account for payroll withholding and other assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Cash and Investments

Government-Wide and Fund Financial Statements

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

User Charges

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Liens are processed in December of every year and included as a lien on the property owner's tax bill.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables are recorded net of an allowance for uncollectible accounts. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various Federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

F. Inventories***Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

Materials and supplies held by the Enterprise Funds are generally recorded at the lower of cost or market, using the weighted average method.

G. Capital Assets***Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, street lights, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are

recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

For the Town of Wellesley capital assets are defined as buildings and infrastructure with a cost greater than \$100,000, improvements other than buildings with a cost greater than \$50,000, and equipment with a cost greater than \$25,000 and an estimated useful life of greater than five years. The Town has elected not to consider books and other materials purchased for the library as capital assets.

Capital assets (excluding land and construction-in-progress) are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives of capital assets being depreciated are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Public domain infrastructure.....	50
Buildings.....	10-40
Improvements other than buildings.....	20-30
Equipment.....	5-21

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

H. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Advances from/to other funds" on the balance sheet.

I. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

J. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets reported as "invested in capital assets, net of related debt" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

Net assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been "restricted for" the following:

"Permanent funds - expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings.

"Permanent funds - nonexpendable" represents the endowment portion of donor restricted trusts.

"Grants and gifts" represents amounts held for school grants, highway and other grants, and gift funds.

"Community preservation" represents amounts held for uses restricted by law for community preservation purposes.

Fund Financial Statements (Fund Balances)

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balances represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Perpetual permanent funds” represents amounts held in trust for which only investment earnings may be expended.

L. Long-term debt*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

M. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

N. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

O. Individual Fund Deficits

Within the Internal Service Funds, the Worker's Compensation fund ended the fiscal year with a deficit fund balance. This deficit will be funded by user charges and other available funds during fiscal year 2009.

P. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

Q. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U. S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. The Town Treasurer is responsible for adhering to these statutes, and at June 30, 2008 the Town is in compliance with these requirements.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Retirement System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk.

At fiscal year-end the carrying amount (book value) of the Town’s deposits totaled \$34,268,980 and the bank balances totaled \$35,472,064. Of the bank balance, \$782,709 was covered by Federal Depository Insurance, \$23,430,245 was collateralized and \$11,259,110 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2007 the carrying amount (book value) of the Retirement System’s deposits totaled \$241,419 and the bank balance totaled \$532,333. The bank balance was fully covered by Federal Depository Insurance.

As of June 30, 2008 the Town had the following investments:

Investment Type	Fair Value	Maturity			Rating
		Under 1 Year	1 - 5 Years	6-10 Years	
<u>Debt Securities</u>					
Government Sponsored Enterprises.....	\$ 2,638,663	\$ 1,965,832	\$ 516,361	\$ 156,470	AAA
U.S. Treasury Notes.....	1,019,657	204,266	438,454	376,937	AAA
Total Debt Securities.....	3,658,320	<u>\$ 2,170,098</u>	<u>\$ 954,815</u>	<u>\$ 533,407</u>	
<u>Other Investments</u>					
Equity Securities.....	3,022,561				
Equity Mutual Funds.....	3,961,548				
Money Market Mutual Funds.....	2,810,777				
MMDT.....	<u>33,404,072</u>				
Total Investments.....	<u>\$ 46,857,278</u>				

As of December 31, 2007 the Retirement System had investments in PRIT totaling \$143,733,445. The Retirement System also maintains a short term investment portfolio with MMDT. At December 31, 2007 the Retirement System’s investment with MMDT was \$330,511.

Subsequent to fiscal year end the market value of the PRIT investment and the equity mutual funds declined by approximately (\$42.7) million and (\$1.0) million, respectively. Please refer to Note 3 for further information on this matter.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party.

Of the Town’s total investments of \$46,857,278 there was custodial credit risk exposure of \$5,725,967 which is equal to the investments in Government Sponsored Enterprises in the amount of \$2,638,663 and \$3,087,304 in equity securities because the related securities are uninsured, unregistered and held by the counterparty.

The Town does not have an investment policy for custodial credit risk.

At December 31, 2007, the System's \$143,733,445 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk.

Concentration of Credit Risk

The Town does not have a formal policy that limits the amount the Town may invest in any one issuer.

NOTE 3 – SUBSEQUENT EVENT

The System carries its investments at fair (market) value in accordance with Generally Accepted Accounting Principles (GAAP). Market value adjustments are recorded monthly. Subsequent to fiscal year end, the System's investment of \$143,733,445 in the Pension Reserves Investment Trust (PRIT), as determined by PRIT, has declined in value by approximately 30% or, (\$42.7) million. This information was provided by the Pension Reserves Investment Management Board (PRIM) and is as of November 30, 2008.

The equity mutual funds in the amount of \$3,961,548 invested in the Other Postemployment Benefit Trust Fund experienced a 25%, or (\$999,991) decline in market value as shown on the broker's statement for the month ended November 30, 2008.

In accordance with GAAP, the Town and the System did not record these losses in the financial statements dated June 30, 2008 and December 31, 2007, respectively, as the impairments were not known as of the respective year end dates. These losses have been recorded subsequently as the Town and the System adjusts the investments to market value on a monthly basis.

The market value declines are consistent with recent trends in the overall financial securities markets.

NOTE 4 – RECEIVABLES

At June 30, 2008, receivables for the individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate, personal property and tax deferrals	\$ 2,493,717	\$ (86,529)	\$ 2,407,188
Tax liens.....	617,859	-	617,859
Motor vehicle excise taxes.....	670,625	(352,809)	317,816
Departmental and other.....	109,013	-	109,013
Intergovernmental.....	<u>8,020,865</u>	<u>-</u>	<u>8,020,865</u>
Total.....	<u>\$ 11,912,079</u>	<u>\$ (439,338)</u>	<u>\$ 11,472,741</u>

At June 30, 2008, receivables for the sewer, water, electric enterprise funds and the internal service fund consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Sewer fees.....	\$ 497,527	\$ -	\$ 497,527
Water fees.....	546,307	-	546,307
Electric light fees.....	3,036,797	-	3,036,797
Department and other.....	<u>11,967</u>	<u>-</u>	<u>11,967</u>
Total.....	<u>\$ 4,092,598</u>	<u>\$ -</u>	<u>\$ 4,092,598</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Receivable type:</u>			
Real estate, personal property and tax deferrals.....	\$ 3,750,529	\$ -	\$ 3,750,529
Tax liens.....	617,859	-	617,859
Motor vehicle excise.....	317,816	-	317,816
Departmental and other.....	28,538	61,413	89,951
Intergovernmental.....	<u>4,975,326</u>	<u>3,036,694</u>	<u>8,012,020</u>
Total.....	<u>\$ 9,690,068</u>	<u>\$ 3,098,107</u>	<u>\$ 12,788,175</u>

Included in the deferred revenues above is \$1,578,496 of advance collections for FY2009 taxes. The Town has a significant number of taxpayers who choose to pay their taxes in advance.

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital asset activity for the fiscal year ended June 30, 2008, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,658,656	\$ 3,684,500	\$ -	\$ 7,343,156
Construction in progress.....	<u>28,706,846</u>	<u>4,746,500</u>	<u>(30,628,895)</u>	<u>2,824,451</u>
Total capital assets not being depreciated.....	<u>32,365,502</u>	<u>8,431,000</u>	<u>(30,628,895)</u>	<u>10,167,607</u>
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	1,157,045	972,167	-	2,129,212
Buildings.....	100,294,400	29,396,398	-	129,690,798
Machinery and equipment.....	10,235,245	840,298	-	11,075,543
Public domain infrastructure.....	<u>54,784,047</u>	<u>759,315</u>	<u>(166,890)</u>	<u>55,376,472</u>
Total capital assets being depreciated.....	<u>166,470,737</u>	<u>31,968,178</u>	<u>(166,890)</u>	<u>198,272,025</u>
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(355,809)	(8,691)	-	(364,500)
Buildings.....	(34,919,591)	(4,010,731)	-	(38,930,322)
Machinery and equipment.....	(5,962,749)	(1,435,088)	-	(7,397,837)
Public domain infrastructure.....	<u>(20,175,658)</u>	<u>(814,612)</u>	<u>166,890</u>	<u>(20,823,380)</u>
Total accumulated depreciation.....	<u>(61,413,807)</u>	<u>(6,269,122)</u>	<u>166,890</u>	<u>(67,516,039)</u>
Total capital assets being depreciated, net.....	<u>105,056,930</u>	<u>25,699,056</u>	<u>-</u>	<u>130,755,986</u>
Total governmental activities capital assets, net.....	<u>\$ 137,422,432</u>	<u>\$ 34,130,056</u>	<u>\$ (30,628,895)</u>	<u>\$ 140,923,593</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	<u>244,137</u>	<u>4,682,488</u>	<u>(279,070)</u>	<u>4,647,555</u>
Total capital assets not being depreciated.....	<u>512,083</u>	<u>4,682,488</u>	<u>(279,070)</u>	<u>4,915,501</u>
<u>Capital assets being depreciated:</u>				
Plant in service.....	102,463,379	\$ 5,945,867	(667,767)	107,741,479
Vehicles and other equipment.....	<u>4,553,582</u>	<u>408,250</u>	<u>(88,352)</u>	<u>4,873,480</u>
Total capital assets being depreciated.....	<u>107,016,961</u>	<u>6,354,117</u>	<u>(756,119)</u>	<u>112,614,959</u>
<u>Less accumulated depreciation for:</u>				
Plant in service.....	(39,482,984)	(3,096,355)	540,920	(42,038,419)
Vehicles and other equipment.....	<u>(2,914,597)</u>	<u>(363,354)</u>	<u>86,641</u>	<u>(3,191,310)</u>
Total accumulated depreciation.....	<u>(42,397,581)</u>	<u>(3,459,709)</u>	<u>627,561</u>	<u>(45,229,729)</u>
Total capital assets being depreciated, net.....	<u>64,619,380</u>	<u>2,894,408</u>	<u>(128,558)</u>	<u>67,385,230</u>
Total business-type activities capital assets, net.....	<u>\$ 65,131,463</u>	<u>\$ 7,576,896</u>	<u>\$ (407,628)</u>	<u>\$ 72,300,731</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities:

General government.....	\$ 409,177
Public safety.....	366,407
Education.....	2,607,613
Public works.....	2,175,642
Library.....	424,319
Recreation.....	<u>285,964</u>

Total depreciation expense - governmental activities..... \$ 6,269,122

Business-Type Activities:

Sewer.....	\$ 278,593
Water.....	800,031
Electric light.....	<u>2,381,085</u>

Total depreciation expense - business-type activities..... \$ 3,459,709

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Inter-fund receivables and payables between funds at June 30, 2008, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Department	Capital Projects Fund	\$ 1,416,481 (1)
Revolving Fund	Highway Fund	<u>7,255 (2)</u>
		<u>\$ 1,423,736</u>

(1) Represents advances from the Electric Department to the Capital Project fund for a building construction project.

(2) Represents advances between funds to meet temporary cash flow needs.

Interfund transfers for the fiscal year ended June 30, 2008, are summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Stabilization Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund.....	\$ -	\$ 500,000	\$ -	\$ 313,443	\$ 813,443 (1)
Nonmajor Governmental Funds.....	193,964	-	3,091,162	-	3,285,126 (2)
Electric Light Department.....	1,000,000	-	-	-	1,000,000 (3)
Internal Service Funds.....	<u>387,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,462 (2)</u>
Total.....	<u>\$ 1,581,426</u>	<u>\$ 500,000</u>	<u>\$ 3,091,162</u>	<u>\$ 313,443</u>	<u>\$ 5,486,031</u>

(1) Represents budgeted transfers to the Stabilization Fund, the Recreation Revolving Fund, and to the Permanent Fund.

(2) Represents budgeted transfers from the Police Detail Account, the Traffic and Parking Fund, the Recreation Revolving Fund, and the Health Insurance Internal Service Fund to the general fund. In addition various nonmajor funds transferred amounts to the Capital Project Fund.

(3) Transfers in from the Electric Light Enterprise Fund as a payment in lieu of taxes.

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund.

Details related to the short-term debt activity for the fiscal year ended June 30, 2008, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2007	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2008
BAN	WHS Schematic Drawings.....	2.50%	06/20/08	\$ 797,000	\$ -	\$ 797,000	\$ -
BAN	Middle School Construction.....	2.50%	06/20/08	10,470,000	-	10,470,000	-
BAN	WHS Schematic Drawings.....	2.50%	06/19/09	-	797,000	-	797,000
BAN	WHS Planning.....	2.50%	06/19/09	-	2,590,000	-	2,590,000
BAN	Seaver Street.....	2.50%	06/19/09	-	3,609,500	-	3,609,500
BAN	Water/Sewer Garage.....	2.50%	06/19/09	-	6,800,000	-	6,800,000
Total.....				\$ 11,267,000	\$ 13,796,500	\$ 11,267,000	\$ 13,796,500

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the Town's outstanding general obligation indebtedness at June 30, 2008, and the debt service requirements are as follows:

Project	Date of Issue	Interest Rate (%)	Outstanding at June 30, 2007	Issued	Redeemed	Outstanding at June 30, 2008
Street/Sidewalk Amenities.....	2001	4.0 - 4.75	\$ 130,000	\$ -	\$ 130,000	\$ -
Sprague School Renovation.....	2001	4.0 - 4.75	10,840,000	-	1,575,000	9,265,000
Bates School Renovation.....	2003	2.0 - 3.0	3,300,000	-	550,000	2,750,000
Pond Restoration.....	2004	2.50 - 5.0	25,000	-	25,000	-
Fields & Bleachers.....	2004	2.50 - 5.0	55,000	-	15,000	40,000
New Library.....	2004	2.50 - 5.0	5,840,000	-	560,000	5,280,000
Warren Building Design.....	2004	2.50 - 5.0	130,000	-	20,000	110,000
Hunnewell Field/Courts.....	2004	2.50 - 5.0	200,000	-	30,000	170,000
Warren Renovation.....	2004	2.50 - 5.0	5,660,000	-	570,000	5,090,000
Middle School.....	2005	3.25 - 4.125	8,100,000	-	450,000	7,650,000
Middle School.....	2005	3.25 - 4.125	2,035,000	-	125,000	1,910,000
Modular Classrooms.....	2005	3.25 - 4.125	2,450,000	-	195,000	2,255,000
Roads.....	2005	3.25 - 4.125	920,000	-	115,000	805,000
High School Plans.....	2005	3.25 - 4.125	320,000	-	160,000	160,000
Fire Equipment.....	2005	3.25 - 4.125	385,000	-	80,000	305,000
Warren Building.....	2005	3.25 - 4.125	320,000	-	65,000	255,000
Traffic/Parking.....	2005	3.25 - 4.125	140,000	-	70,000	70,000
DPW Design.....	2005	3.25 - 4.125	60,000	-	20,000	40,000
Middle School Construction.....	2006	3.87 - 5.25	6,485,000	-	230,000	6,255,000
Bates Elementary School.....	2006	4.0 - 5.25	555,000	-	140,000	415,000
Modular Classrooms.....	2006	3.87 - 5.25	2,085,000	-	235,000	1,850,000
DPW Electric Repairs.....	2006	3.87 - 5.25	1,005,000	-	115,000	890,000
DPW Surface Drains.....	2006	3.87 - 5.25	295,000	-	35,000	260,000
High School Design.....	2006	4.0 - 5.25	140,000	-	35,000	105,000
Morses Pond Dock.....	2006	4.0 - 5.25	90,000	-	25,000	65,000
Middle School Construction.....	2008	3.00-4.00%	-	10,470,000	-	10,470,000
Street and Sidewalk.....	2008	3.00-4.00%	-	500,000	-	500,000
Fire Truck.....	2008	3.00-4.00%	-	475,000	-	475,000
Sprague Field.....	2008	3.00-4.00%	-	615,000	-	615,000
School Building Infrastructure.....	2008	3.00-4.00%	-	4,500,000	-	4,500,000
Total			<u>\$ 51,565,000</u>	<u>\$ 16,560,000</u>	<u>\$ 5,570,000</u>	<u>\$ 62,555,000</u>

Debt service requirements for principal and interest for Governmental bonds payable in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 6,760,000	\$ 2,438,452	\$ 9,198,452
2010	6,760,000	2,184,700	8,944,700
2011	6,735,000	1,931,445	8,666,445
2012	5,890,000	1,678,783	7,568,783
2013	5,725,000	1,456,739	7,181,739
2014	5,190,000	1,237,525	6,427,525
2015	5,150,000	1,038,171	6,188,171
2016	4,755,000	831,084	5,586,084
2017	3,485,000	632,583	4,117,583
2018	2,095,000	486,563	2,581,563
2019	1,510,000	406,025	1,916,025
2020	1,525,000	345,625	1,870,625
2021	1,545,000	284,625	1,829,625
2022	1,560,000	222,825	1,782,825
2023	1,575,000	159,913	1,734,913
2024	895,000	95,850	990,850
2025	915,000	58,938	973,938
2026	<u>485,000</u>	<u>20,613</u>	<u>505,613</u>
Total	\$ <u>62,555,000</u>	\$ <u>15,510,458</u>	\$ <u>78,065,458</u>

The Town has been approved to receive school construction assistance through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. The Town was approved for grants equal to 57% of allowable costs, as defined, for the renovation/expansion projects of the Sprague Elementary School. The Sprague project is being reimbursed over a 12 year period that began in FY2005. The Town expects to receive, in future years, \$4.9 million from the MSBA for all school constructions costs incurred by the Town. Accordingly, a \$4.9 million intergovernmental receivable and corresponding deferred revenue liability has been recorded in the General Fund.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2008, the Town had the following authorized and un-issued debt:

Purpose	Amount
Morses Pond Management.....	\$ 650,000
Storm Water Drainage.....	1,306,000
School Building Infrastructure.....	6,707,000
WMS Replenish Contingency.....	275,000
WHS Schematic Drawings.....	797,000
Parking Machine Replacement.....	150,000
Woodside Avenue.....	428,000
MLP Garage.....	1,998,000
Water/Sewer Building.....	7,417,000
High School Plans.....	2,590,000
Sprague Field.....	85,000
Linden Street Intersection.....	90,000
Seaver Street Properties.....	3,609,500
MWRA Sewer.....	712,499
MWRA Water.....	<u>276,843</u>
 Total.....	 <u>\$ 27,091,842</u>

Bonds and Notes Payable Schedule – Enterprise Funds

Project	Date of Issue	Interest Rate (%)	Outstanding at June 30, 2007	Issued	Redeemed	Outstanding at June 30, 2008
Water System Improvements.....	1998	4.15 - 5.25%	\$ 2,580,000	\$ -	\$ 430,000	\$ 2,150,000
MWRA-Sewer Bond.....	2003	0.00%	46,032	-	23,016	23,016
MWRA-Sewer Bond.....	2005	0.00%	97,734	-	32,578	65,156
MWRA-Water Bond.....	2006	0.00%	465,261	-	51,696	413,565
MWRA-Sewer Bond.....	2006	0.00%	98,895	-	24,724	74,171
MWRA-Water Bond.....	2007	0.00%	319,490	-	31,949	287,541
MWRA-Sewer Bond.....	2007	0.00%	134,380	-	26,875	107,505
MWRA-Sewer Bond.....	2008	0.00%	-	211,915	-	211,915
MWRA-Water Bond.....	2008	0.00%	-	165,987	-	165,987
 Total.....			 <u>\$ 3,741,792</u>	 <u>\$ 377,902</u>	 <u>\$ 620,838</u>	 <u>\$ 3,498,856</u>

Debt service requirements for principal and interest for enterprise fund bonds and notes payable in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 679,821	\$ 101,910	\$ 781,731
2010	656,805	82,130	738,935
2011	624,226	61,920	686,146
2012	599,503	41,495	640,998
2013	572,627	20,855	593,482
2014	100,244	-	100,244
2015	100,244	-	100,244
2016	100,241	-	100,241
2017	48,548	-	48,548
2018	16,597	-	16,597
Total	\$ 3,498,856	\$ 308,310	\$ 3,807,166

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and non-interest bearing loan. In prior years \$1,352,633 of loans subject to repayment were received from this program. During fiscal year 2008, \$211,915 and \$165,987, respectively, were received from the program. The new water and sewer MWRA loans are respectively payable in five and ten equal annual installments with no interest. At June 30, 2008, the outstanding principal amount of these loans totaled \$1,348,856.

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2008, the following changes occurred in long-term liabilities:

	<u>Balance June 30, 2007</u>	<u>Bonds and Notes Issued</u>	<u>Bonds and Notes Redeemed</u>	<u>Other Increases</u>	<u>Other Decreases</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
Governmental Activities:							
Long-Term Bonds and Notes.....	\$ 51,565,000	\$ 16,560,000	\$ (5,570,000)	\$ -	\$ -	\$ 62,555,000	\$ 6,760,000
Workers' Compensation.....	914,000	-	-	102,000	(302,000)	714,000	300,000
Compensated Absences.....	644,477	-	-	184,649	(490,519)	338,607	203,200
Total Governmental Activities.....	53,123,477	16,560,000	(5,570,000)	286,649	(792,519)	63,607,607	7,263,200
Business Type Activities:							
Long-Term Bonds and Notes.....	3,741,792	377,902	(620,838)	-	-	3,498,856	679,821
Compensated Absences.....	47,498	-	-	17,723	(25,400)	39,821	23,900
Total Business Type Activities.....	3,789,290	377,902	(620,838)	17,723	(25,400)	3,538,677	703,721
Total.....	\$ 56,912,767	\$ 16,937,902	\$ (6,190,838)	\$ 304,372	\$ (817,919)	\$ 67,146,284	\$ 7,966,921

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year end, \$714,000 of internal service funds accrued workers compensation liability is included above. Except for the amounts related to the internal service funds, the governmental activities long-term liabilities are generally liquidated by the general fund. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures, namely the general fund and the water and electric enterprise funds.

NOTE 9 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance for these risks, except for those risks identified in the following paragraphs, which the Town accounts for in its Internal Service Fund. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

During 1991, the Town entered into an agreement with certain suburban communities and other governmental units forming the West Suburban Health Group (the "Group"). The purpose of the Group is for the joint negotiation and purchase of health coverage with insurance carriers. Under these agreements, the insurance claims of the covered employees are paid for by the insurance carrier and are subsequently reimbursed by the Group. The Group charges monthly premiums to each governmental unit based upon requirements established through underwriting or actuarial estimates. The Group also maintains a deposit with the insurance carrier which is sufficient to cover two months of claims paid by the carrier for the Group. In addition, the Group provides full reinsurance coverage for all claim costs in excess of \$225,000 per covered employee.

In the event of a dissolution of the Group or if the assets of the Group are insufficient to pay claims which occur, the Town remains liable. As of June 30, 2008, the Group had an unaudited fund balance of approximately \$10,212,000. The Town's liability is not based on its participants' claims but on the pro rata share of any deficit based on the ratio of the Town's members to total participants at the time of dissolution. At June 30, 2008, the Town's mandatory deposit, discussed above, is sufficient to cover the Town's projected liability as of that date.

The Town is self-insured for workers' compensation claims. An actuary, Tillinghast-Towers Perrin, was hired to estimate the losses which the Town would have to pay under the self-insured plan. The Town recorded a liability in its Internal Service Fund to reserve against future losses. This liability includes a provision for estimated claims incurred but not reported. In addition to these reserves, the Town retains insurance against claims in excess of \$250,000 per employee.

Changes in the Workers' Compensation Fund claims liability amount for the fiscal years ended June 30 were as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End	Current Portion
Fiscal Year 2007.....	\$ 830,000	\$ 267,659	\$ (183,659)	\$ 914,000	\$ 302,000
Fiscal Year 2008.....	914,000	192,549	(392,549)	714,000	300,000

NOTE 10 – CONTRIBUTORY RETIREMENT SYSTEM

Plan Description - The Town contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Wellesley Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$8.8 million for the fiscal year ended June 30, 2008, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Wellesley Contributory Retirement Board and are borne by the System.

At December 31, 2007, the System’s membership consists of the following:

Active members.....	669
Inactive members.....	182
Disabled members.....	28
Retirees and beneficiaries currently receiving benefits.....	<u>379</u>
 Total.....	 <u><u>1,258</u></u>

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The current and two preceding fiscal years apportionment of the annual pension cost between the two employers did not require the Town to make an annual contribution to the System. Chapter 32 of the MGL governs the contributions of plan members and the Town.

Annual Pension Cost - The Town’s contributions to the System for the last three fiscal years ended June 30, 2008, 2007, and 2006 were zero, respectively, which equaled its required contribution for each fiscal year. The required contribution was determined as part of the January 1, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.0% investment rate of return and projected salary increases of 4.0% per year. The actuarial value of the System’s assets was determined using the fair value of the assets.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/08	\$ 144,298,124	\$ 136,021,926	\$ (8,276,198)	106.1%	\$ 30,256,013	-27.4%
01/01/06	127,011,492	123,086,217	(3,925,275)	103.2%	26,392,253	-14.9%
01/01/04	116,792,365	112,846,159	(3,946,206)	103.5%	23,172,848	-17.0%
01/01/03	119,033,662	114,811,026	(4,222,636)	103.7%	22,572,703	-18.7%
01/01/01	123,291,025	92,278,891	(31,012,134)	133.6%	21,561,329	-143.8%
01/01/99	106,295,893	81,975,372	(24,320,521)	129.7%	17,694,603	-137.4%
01/01/97	78,665,972	69,141,005	(9,524,967)	113.8%	17,800,326	-53.5%

The UAAL amounts bracketed in the column above represents an over-funding of the actuarial accrued liability.

Noncontributory Retirement Allowance – The Town pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits but are not members of the System. Benefits are paid by the Town on a pay-as-you-go basis. Total pension expense of this plan for the year ended June 30, 2008 was \$55,938.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Fiscal year 2008 is the initial year that the Town has implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). As allowed by GASB 45, the Town has established the net Other Post Employment Benefit (OPEB) obligation at zero at the beginning of the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis.

The Town implemented the provisions of GASB Statement 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, during fiscal year 2007 and established its “Other Post-employment Benefit Trust Fund”. The Town voted to begin pre-funding its OPEB liabilities through the use of this irrevocable trust.

Plan Description – The Town maintains a single employer defined benefit healthcare plan (“The Other Post Employment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. The plan provides the benefits by participating in the West Suburban Health Group. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, Tufts Health Plan, and Fallon Community Health Plan, as well as an out-of-area indemnity plan administered by North American Administrators. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The plan also pays 50% of the retiree life insurance premiums.

The Town adopted MGL, Chapter 32B, Section 18 in April 2006, requiring all Medicare-eligible retirees to enroll in a Medicare supplement plan. The effects of this adoption have been included in the actuarial determination of OPEB liabilities by the Town’s actuary.

At June 30, 2008, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	871
Current active members.....	<u>889</u>
 Total.....	 <u><u>1,760</u></u>

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 17.7% and 50% of the cost of benefits provided depending on the plan they choose. For the year ended June 30, 2008, plan members contributed approximately \$1.3 million through their required contributions. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed \$4,187,149 during fiscal year 2008 towards these benefits in addition to the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Postemployment Benefit Trust Fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities. During fiscal year 2008, the Town pre-funded future OPEB liabilities in the amount of \$3,337,069.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual other post employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligations are summarized in the following table:

Normal Cost.....	\$ 1,932,763
Amortization of unfunded actuarial accrued liability.....	5,567,492
Adjustments to annual required contribution.....	<u>294,238</u>
 Annual OPEB cost (expense).....	 7,794,493
 Contributions made.....	 <u>(7,524,218)</u>
 Increase/(Decrease) in net OPEB obligation.....	 270,275
 Net OPEB obligation - beginning of year.....	 <u>-</u>
 Net OPEB obligation - end of year.....	 <u><u>\$ 270,275</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 7,794,493	97%	\$ 270,275

Funded Status and Funding Progress – The funded status of the Plan as of the most recent actuarial valuation date, June 30, 2008, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/08	\$ 3,961,548	\$ 109,103,295	\$ 105,141,747	3.63%	\$ 61,221,013	171.74%

Actual valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following additional information is provided as of the latest actuarial valuation:

Valuation date.....	June 30, 2008
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Payments increasing at 4%
Remaining amortization period.....	29 years as of July 1, 2008, closed
Asset valuation method.....	Market value
Actuarial assumptions:	
Investment rate of return.....	8.0% pre-funding scenario
Inflation rate.....	4.0%
Projected salary increases.....	4.0%
Medical/Drug cost trend rate.....	10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.0% per year

NOTE 12 – COMMITMENTS

The Town’s major capital projects are related to school renovations and expansions, and the construction of a new building and garage to be shared by the MLP, the Water and Sewer Departments and the Department of Public Works. The Town has authorized approximately \$27 million of new debt for these and other on-going projects.

NOTE 13 - CONTINGENCIES

In February 2001, the EPA notified the Town that it, along with two other parties, had been named as a Potentially Responsible Party (PRP) with regard to an environmental matter involving property owned by the Town adjacent to and beneath Morses Pond. According to the EPA and the Massachusetts Department of Environmental Protection, contaminated fill material containing chromium and other metal was used as fill around a culvert beneath a railroad embankment adjacent to Morses Pond, and that contaminants from this fill came to be located on Town property beneath and adjacent to Morses Pond. Removal actions to correct this problem were completed in or about June 2003. The EPA has estimated the total cost of this project to date at \$3.9 million. In this matter, the EPA has noted its intention to pursue recovery of these costs from the PRP’s. To date, no litigation has been commenced and no settlement negotiations have taken place with regard to this matter. The Town believes that if it was determined that they were potentially liable for a portion of the costs associated with this situation they have already satisfied their equitable share of any liability under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and MGL’s Chapter 21E by providing in-kind services in support of the EPA’s removal actions. Currently, the Town is unable to predict whether the EPA or Massachusetts DEP will pursue their claims or the amount or range of any potential loss. No amounts have been accrued as liabilities in the financial statements.

The Town participates in a number of Federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2008, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be

disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2008, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2008.

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2008, the following GASB pronouncements were implemented:

- The GASB issued Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which is required to be implemented in fiscal year 2009. Management has elected to implement this GASB statement early.
- The GASB issued Statement #50, Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27, which is required to be implemented in fiscal year 2008. This GASB has changed certain disclosures related to pensions.
- The GASB issued Statement #52, Land and Other Real Estate Held as Investments by Endowments, which is required to be implemented in fiscal year 2009. Management elected to implement this standard early and it did not effect the basic financial statements.
- The GASB issue Statement #53, Accounting and Financial Reporting for Derivative Instruments, which is required to be implemented in fiscal year 2010. The standards requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. Management elected to implement this standard early and this standard did not impact the basic financial statements.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for the entire Town's financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 83,959,775	\$ 83,959,775	\$ 82,820,998	\$ -	\$ (1,138,777)
Tax liens.....	-	-	181,536	-	181,536
Motor vehicle and other excise taxes.....	4,206,500	4,206,500	4,435,775	-	229,275
Penalties and interest on taxes.....	141,500	141,500	154,007	-	12,507
Payments in lieu of taxes.....	343,800	343,800	517,690	-	173,890
Intergovernmental.....	7,264,521	7,264,521	7,416,680	-	152,159
Departmental and other.....	4,623,917	4,623,917	3,727,918	-	(895,999)
Investment income.....	1,573,399	1,573,399	2,529,577	-	956,178
TOTAL REVENUES.....	102,113,412	102,113,412	101,784,181	-	(329,231)
EXPENDITURES:					
Selectmen/Executive Director and Finance:					
Personal Services.....	661,804	668,375	647,515	-	20,860
Expenses.....	67,567	67,567	36,723	26,033	4,811
Capital Outlay.....	10,000	35,000	20,499	14,501	-
	<u>739,371</u>	<u>770,942</u>	<u>704,737</u>	<u>40,534</u>	<u>25,671</u>
General and Management Services:					
Personal Services.....	218,503	202,048	202,048	-	-
Expenses.....	171,813	180,829	169,580	1,093	10,156
	<u>390,316</u>	<u>382,877</u>	<u>371,628</u>	<u>1,093</u>	<u>10,156</u>
Treasurer/Collector:					
Personal Services.....	220,637	225,954	225,774	-	180
Expenses.....	136,604	136,604	124,087	6,384	6,133
	<u>357,241</u>	<u>362,558</u>	<u>349,861</u>	<u>6,384</u>	<u>6,313</u>
Network Information Services:					
Personal Services.....	395,297	418,222	418,222	-	-
Expenses.....	196,356	196,356	196,356	-	-
	<u>591,653</u>	<u>614,578</u>	<u>614,578</u>	<u>-</u>	<u>-</u>
Human Services:					
Personal Services.....	205,658	214,822	213,318	-	1,504
Expenses.....	90,583	90,383	86,546	1,724	2,113
Benefits.....	4,500	4,500	2,347	2,804	(651)
	<u>300,741</u>	<u>309,705</u>	<u>302,211</u>	<u>4,528</u>	<u>2,966</u>
Public Safety and Protective Services - Police.....					
Personal Services.....	4,173,264	4,200,277	4,119,109	54,635	26,533
Expenses.....	732,532	691,684	635,138	56,322	224
Capital Outlay.....	76,104	116,952	99,192	-	17,760
	<u>4,981,900</u>	<u>5,008,913</u>	<u>4,853,439</u>	<u>110,957</u>	<u>44,517</u>
Public Safety and Protective Services - Fire.....					
Personal Services.....	3,787,987	3,867,408	3,860,264	-	7,144
Expenses.....	328,098	314,363	263,327	12,589	38,447
Capital Outlay.....	46,000	59,735	55,251	-	4,484
	<u>4,162,085</u>	<u>4,241,506</u>	<u>4,178,842</u>	<u>12,589</u>	<u>50,075</u>
Public Safety and Protective Services - All Other.....					
Personal Services.....	547,765	558,051	523,344	-	34,707
Expenses.....	27,823	27,823	18,640	1,020	8,163
	<u>575,588</u>	<u>585,874</u>	<u>541,984</u>	<u>1,020</u>	<u>42,870</u>
Historical Commission.....					
	250	250	250	-	-
Historical District Commission.....					
	250	250	20	-	230
Zoning Board of Appeals:					
Personal Services.....	42,422	43,695	39,742	-	3,953
Expenses.....	8,465	8,465	5,520	-	2,945
	<u>50,887</u>	<u>52,160</u>	<u>45,262</u>	<u>-</u>	<u>6,898</u>
Advisory Committee:					
Personal Services.....	7,223	9,723	9,341	-	382
Expenses.....	41,718	41,718	23,572	-	18,146
	<u>48,941</u>	<u>51,441</u>	<u>32,913</u>	<u>-</u>	<u>18,528</u>

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Auditing.....	65,100	65,100	56,800	-	8,300
Permanent Building Committee:					
Personal Services.....	7,450	7,450	6,215	-	1,235
Expenses.....	16,078	16,078	1,685	-	14,393
	<u>23,528</u>	<u>23,528</u>	<u>7,900</u>	<u>-</u>	<u>15,628</u>
Human Resources Board:					
Personal Services.....	393,331	248,863	227,573	-	21,290
Expenses.....	22,286	22,286	19,711	-	2,575
	<u>415,617</u>	<u>271,149</u>	<u>247,284</u>	<u>-</u>	<u>23,865</u>
Assessors:					
Personal Services.....	220,103	224,047	210,542	-	13,505
Expenses.....	89,805	89,805	71,001	11,060	7,744
	<u>309,908</u>	<u>313,852</u>	<u>281,543</u>	<u>11,060</u>	<u>21,249</u>
Board of Health:					
Personal Services.....	310,031	316,142	294,181	-	21,961
Expenses.....	84,188	84,188	65,528	7,155	11,505
Mental Health Services.....	178,923	178,923	166,924	-	11,999
	<u>573,142</u>	<u>579,253</u>	<u>526,633</u>	<u>7,155</u>	<u>45,465</u>
Natural Resources Commission:					
Personal Services.....	161,406	164,043	155,890	-	8,153
Expenses.....	434,871	374,431	109,976	194,402	70,053
Capital Outlay.....	56,000	56,000	24,804	31,187	9
	<u>652,277</u>	<u>594,474</u>	<u>290,670</u>	<u>225,589</u>	<u>78,215</u>
Planning Board:					
Personal Services.....	150,754	155,799	155,799	-	-
Expenses.....	78,251	78,252	16,914	5,827	55,511
Capital Outlay.....	50,000	50,000	6,400	60,650	(17,050)
	<u>279,005</u>	<u>284,051</u>	<u>179,113</u>	<u>66,477</u>	<u>38,461</u>
Recreation Commission:					
Personal Services.....	304,052	314,066	314,061	-	5
Expenses.....	98,170	98,677	94,041	4,584	52
	<u>402,222</u>	<u>412,743</u>	<u>408,102</u>	<u>4,584</u>	<u>57</u>
Town Clerk/Election and Registration:					
Personal Services.....	223,703	225,476	205,439	-	20,037
Expenses.....	70,758	65,758	53,593	1,092	11,073
Capital Outlay.....	16,000	16,000	16,000	-	-
	<u>310,461</u>	<u>307,234</u>	<u>275,032</u>	<u>1,092</u>	<u>31,110</u>
Legal Services and Expenses.....	275,052	266,263	221,483	6,305	38,475
Reserve Fund.....	175,000	117,500	-	-	117,500
Memorial Day.....	2,500	2,500	2,500	-	-
Celebrations.....	4,700	4,700	4,700	-	-
Risk Management.....	381,359	381,359	273,815	-	107,544
Employee Group Life and Health Insurance.....	16,297,872	16,297,872	16,297,872	-	-
Pensions and Annuities.....	59,633	59,633	55,938	-	3,695
Workers Compensation.....	386,736	386,736	386,736	-	-
Comprehensive Building Maintenance.....	288,731	288,731	211,541	70,000	7,190
Compensated Absences.....	90,000	106,755	29,692	-	77,063
Wellesley Free Library and branches thereof:					
Personal Services.....	1,659,467	1,669,862	1,655,670	-	14,192
Expenses.....	669,280	669,280	668,975	-	305
Capital Outlay.....	42,504	42,504	38,355	4,139	10
	<u>2,371,251</u>	<u>2,381,646</u>	<u>2,363,000</u>	<u>4,139</u>	<u>14,507</u>

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Public works.....					
Personal Services.....	3,261,768	3,366,613	3,332,136	134	34,343
Expenses.....	2,977,451	2,977,452	2,392,077	562,075	23,300
Winter Maintenance.....	358,696	824,190	823,287	-	903
Capital Outlay.....	1,503,500	1,503,500	1,159,144	344,356	-
	<u>8,101,415</u>	<u>8,671,755</u>	<u>7,706,644</u>	<u>906,565</u>	<u>58,546</u>
Fire and Traffic Signal Systems.....	85,155	85,155	85,155	-	-
Education.....					
Personal Services.....	42,369,793	41,729,793	38,706,309	2,637,156	386,328
Expenses.....	9,914,486	11,084,504	9,490,559	620,737	973,208
Capital Outlay.....	982,811	982,811	796,433	197,725	(11,347)
	<u>53,267,090</u>	<u>53,797,108</u>	<u>48,993,301</u>	<u>3,455,618</u>	<u>1,348,189</u>
State and county charges.....	1,011,978	1,011,978	1,009,686	-	2,292
Debt service:					
Principal.....	5,912,778	5,912,778	5,570,000	-	342,778
Interest.....	2,510,790	2,510,790	2,498,646	-	12,144
	<u>8,423,568</u>	<u>8,423,568</u>	<u>8,068,646</u>	<u>-</u>	<u>354,922</u>
TOTAL EXPENDITURES.....	<u>106,452,523</u>	<u>107,515,697</u>	<u>99,979,511</u>	<u>4,935,689</u>	<u>2,600,497</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	<u>(4,339,111)</u>	<u>(5,402,285)</u>	<u>1,804,670</u>	<u>(4,935,689)</u>	<u>2,271,266</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Premium from issuance of bonds.....	-	-	226,758	-	226,758
Transfers in.....	1,412,462	1,581,426	1,581,426	-	-
Transfers out.....	(813,443)	(813,443)	(813,443)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	<u>599,019</u>	<u>767,983</u>	<u>994,741</u>	<u>-</u>	<u>226,758</u>
NET CHANGE IN FUND BALANCE.....	(3,740,092)	(4,634,302)	2,799,411	(4,935,689)	2,498,024
BUDGETARY FUND BALANCE, Beginning of year.....	15,656,826	15,656,826	15,656,826	-	-
BUDGETARY FUND BALANCE, End of year.....	<u>\$ 11,916,734</u>	<u>\$ 11,022,524</u>	<u>\$ 18,456,237</u>	<u>\$ (4,935,689)</u>	<u>\$ 2,498,024</u>

See notes to required supplementary information.

(Concluded)

Other Post-Employment Benefit Plan Schedules

The Schedule of Funding Progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POST-EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

JUNE 30, 2008

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2008	\$ 3,961,548	\$ 109,103,295	\$ 105,141,747	3.63%	\$ 61,221,013	171.74%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2007	\$ -	\$ 848,562 (1)	N/A
2008	7,794,493	7,524,218	96.5%

(1) \$848,562 represents a pre-funding in FY2007 in anticipation of future benefits.

The Town implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008.

See notes to required supplementary information.

OTHER POST-EMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

FISCAL YEAR ENDED JUNE 30, 2008

Actuarial Methods:

Valuation date.....	June 30, 2008
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.0%
Remaining amortization period.....	29 years as of July 1, 2008, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	8.0% pre-funding scenario
Inflation rate.....	4.0%
Projected salary increases.....	4.0%
Medical/drug cost trend rate.....	10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.0% per year

Plan Membership:

Current retirees, beneficiaries, and dependents.....	871
Current active members.....	<u>889</u>
Total	<u><u>1,760</u></u>

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved at the Annual Town Meeting. The Town has an advisory committee that submits reports on proposed appropriations at Town Meetings.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations among departments require the approval of Town Meeting.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year’s original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2008 budget consisted of approximately \$103.3 million in appropriations and other amounts to be raised and approximately \$3.9 million in amounts carried over from previous fiscal years. During fiscal year 2008, the original budget was increased by approximately \$1.2 million for public safety, public works and educational activities mainly offset by a decrease of approximately \$145,000 for the human resources activities

The Accounting Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2008, is presented below:

Net change in fund balance, budgetary basis.....	\$ 2,799,411
<u>Basis of accounting differences:</u>	
Net change in revenue accrual.....	(85,178)
Net change in expenditure accrual - Teacher's summer pay.....	(873,505)
Net change in tax refunds payable.....	(86,800)
Recognition of revenue for on-behalf payments.....	8,848,569
Recognition of expenditures for on-behalf payments.....	<u>(8,848,569)</u>
Net change in fund balance, GAAP basis.....	<u>\$ 1,753,928</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2008, expenditures exceeded appropriations for human service benefits, planning board and educational capital outlay, in the amounts of \$651, \$17,050, and \$11,347, respectively. These over-expenditures will be funded by available funds during fiscal year 2009.

NOTE B – OTHER POST-EMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“The Other Post Employment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members.

The Town currently finances its other post-employment benefits (OPEB) on a combined pre-funded and a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarially accrued liability) was 3.63%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets. Since this is the Town’s initial year of implementation of GASB Statement 45, information for prior years is not available.

Projections for benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

Combining Statements

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Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

School Lunch Fund – This fund accounts for the cafeteria activities and is funded by user fees and grants.

Highway Fund – This fund accounts for costs incurred with the construction and reconstruction of Town owned roadways. Costs charged to the fund are subject to reimbursement by the Commonwealth of Massachusetts.

Community Preservation Fund – This fund is used to account for funds received in accordance with the Community Preservation Act (the CPA). Funds are received under the CPA through a surcharge of up to 3% of the real property tax levy and matching state grants. The funds are spent for the acquisition, creation and preservation of open space, historic resources and affordable housing.

Grant Fund – This fund accounts for Federal and state grants which are designated for specific programs.

Receipts Reserved Fund – This fund accounts for specific receipts identified by the Commonwealth that are to be held until appropriated.

Revolving Fund – This fund accounts for self-supporting programs sponsored by the Town.

Recreation Revolving Fund – This fund accounts for self-supporting recreational programs sponsored by the Town's recreation department.

Other – This fund accounts for all other legally established special revenues where the funds are spent on governmental purposes.

PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs. The Town maintains one fund to account for nonexpendable contributions and expendable earnings that can be spent on governmental purposes.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2008

	Special Revenue Funds				
	School Lunch	Highway	Community Preservation	Grants	Receipts Reserved
ASSETS					
Cash and cash equivalents.....	\$ 597,069	\$ -	\$ 4,301,400	\$ 424,176	\$ 1,004,386
Investments.....	-	-	389,758	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	3,207	9,000	-
Intergovernmental.....	-	2,532,955	512,394	190	-
Due from other funds.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 597,069	\$ 2,532,955	\$ 5,206,759	\$ 433,366	\$ 1,004,386
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 1,496	\$ -	\$ 37,523	\$ 3,417	\$ 18,943
Accrued payroll.....	1,280	-	-	374	981
Deferred revenues.....	-	2,525,700	502,644	9,000	-
Due to other funds.....	-	7,255	-	-	-
TOTAL LIABILITIES.....	2,776	2,532,955	540,167	12,791	19,924
FUND BALANCES:					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	594,293	-	4,666,592	420,575	984,462
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	594,293	-	4,666,592	420,575	984,462
TOTAL LIABILITIES AND FUND BALANCES...	\$ 597,069	\$ 2,532,955	\$ 5,206,759	\$ 433,366	\$ 1,004,386

Special Revenue Funds					
Revolving	Recreation Revolving	Other	Sub-total	Permanent Fund	Total Nonmajor Governmental Funds
\$ 1,832,882	\$ 254,060	\$ 3,122,275	\$ 11,536,248	\$ 694,296	\$ 12,230,544
-	-	-	389,758	1,989,030	2,378,788
68,268	-	-	80,475	-	80,475
-	-	-	3,045,539	-	3,045,539
7,255	-	-	7,255	-	7,255
<u>\$ 1,908,405</u>	<u>\$ 254,060</u>	<u>\$ 3,122,275</u>	<u>\$ 15,059,275</u>	<u>\$ 2,683,326</u>	<u>\$ 17,742,601</u>
\$ 34,459	\$ 25,266	\$ 71,145	\$ 192,249	\$ 16,216	\$ 208,465
4,513	17,084	163	24,395	-	24,395
60,763	-	-	3,098,107	-	3,098,107
-	-	-	7,255	-	7,255
<u>99,735</u>	<u>42,350</u>	<u>71,308</u>	<u>3,322,006</u>	<u>16,216</u>	<u>3,338,222</u>
-	-	-	-	220,421	220,421
1,808,670	211,710	3,050,967	11,737,269	-	11,737,269
-	-	-	-	2,446,689	2,446,689
<u>1,808,670</u>	<u>211,710</u>	<u>3,050,967</u>	<u>11,737,269</u>	<u>2,667,110</u>	<u>14,404,379</u>
<u>\$ 1,908,405</u>	<u>\$ 254,060</u>	<u>\$ 3,122,275</u>	<u>\$ 15,059,275</u>	<u>\$ 2,683,326</u>	<u>\$ 17,742,601</u>

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2008

	Special Revenue Funds				
	School Lunch	Highway	Community Preservation	Grants	Receipts Reserved
REVENUES:					
Charges for services.....	\$ 928,874	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures.....	-	-	-	-	587,921
Intergovernmental.....	124,228	11,112	710,976	2,346,180	-
Departmental and other.....	-	-	-	-	-
Community preservation tax.....	-	-	761,549	-	-
Contributions.....	-	-	-	-	-
Interest income.....	-	-	233,361	-	-
Other investment income (loss).....	-	-	-	-	-
TOTAL REVENUES.....	1,053,102	11,112	1,705,886	2,346,180	587,921
EXPENDITURES:					
Current:					
General government.....	-	-	-	3,797	-
Public safety.....	-	-	-	37,819	-
Public education.....	1,040,525	-	-	2,085,834	-
Public works.....	-	11,112	-	13,080	-
Health and sanitation.....	-	-	-	33,272	-
Recreation.....	-	-	-	5,959	-
Library.....	-	-	-	31,480	-
Employee benefits.....	-	-	-	-	-
Traffic and parking management.....	-	-	-	-	391,994
Community preservation.....	-	-	61,876	-	-
TOTAL EXPENDITURES.....	1,040,525	11,112	61,876	2,211,241	391,994
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	12,577	-	1,644,010	134,939	195,927
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	-	-	-	-
Transfers out.....	-	-	(1,450,000)	-	(74,550)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	(1,450,000)	-	(74,550)
NET CHANGE IN FUND BALANCES.....	12,577	-	194,010	134,939	121,377
FUND BALANCES AT BEGINNING OF YEAR.....	581,716	-	4,472,582	285,636	863,085
FUND BALANCES AT END OF YEAR.....	\$ 594,293	\$ -	\$ 4,666,592	\$ 420,575	\$ 984,462

Special Revenue Funds					
Revolving	Recreation Revolving	Other	Sub-total	Permanent Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	24,676	\$ 953,550	\$ -	\$ 953,550
-	-	-	587,921	-	587,921
16,587	-	2,012,782	5,221,865	-	5,221,865
2,643,460	1,073,988	12,374	3,729,822	-	3,729,822
-	-	-	761,549	-	761,549
102,473	-	2,873,118	2,975,591	116,209	3,091,800
-	-	-	233,361	46,619	279,980
-	-	-	-	(304,561)	(304,561)
<u>2,762,520</u>	<u>1,073,988</u>	<u>4,922,950</u>	<u>14,463,659</u>	<u>(141,733)</u>	<u>14,321,926</u>
9,974	-	308,103	321,874	19,873	341,747
497,645	-	13,399	548,863	-	548,863
1,583,890	-	2,543,289	7,253,538	23,428	7,276,966
168,696	-	194,207	387,095	-	387,095
134,799	-	8,084	176,155	-	176,155
34,486	954,005	476,725	1,471,175	46,560	1,517,735
-	-	167,013	198,493	101,437	299,930
-	-	-	-	90,064	90,064
-	-	-	391,994	-	391,994
-	-	-	61,876	-	61,876
<u>2,429,490</u>	<u>954,005</u>	<u>3,710,820</u>	<u>10,811,063</u>	<u>281,362</u>	<u>11,092,425</u>
333,030	119,983	1,212,130	3,652,596	(423,095)	3,229,501
-	186,141	27,302	213,443	100,000	313,443
(176,000)	(94,414)	(1,490,162)	(3,285,126)	-	(3,285,126)
<u>(176,000)</u>	<u>91,727</u>	<u>(1,462,860)</u>	<u>(3,071,683)</u>	<u>100,000</u>	<u>(2,971,683)</u>
157,030	211,710	(250,730)	580,913	(323,095)	257,818
1,651,640	-	3,301,697	11,156,356	2,990,205	14,146,561
<u>\$ 1,808,670</u>	<u>\$ 211,710</u>	<u>\$ 3,050,967</u>	<u>\$ 11,737,269</u>	<u>\$ 2,667,110</u>	<u>\$ 14,404,379</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Network Information Services Fund – This fund is used to control the cost of providing network services to all Town departments.

Vehicle Maintenance Fund – This fund is used to account for the maintenance and fuel costs of all Town vehicles.

Health Insurance Fund – This fund is used to account for the payment of health and other employee benefit programs.

Workers Compensation Fund – This fund is used to account for self-insured activities of providing workers compensation benefits to Town employees.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2008

	Network Information Services	Fleet Maintenance	Health Insurance	Worker's Compensation	Total Internal Service Funds
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 177,535	\$ 33,913	\$ 1,139,780	\$ 123,219	\$ 1,474,447
Investments.....	-	-	388,429	-	388,429
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	-	11,967	-	11,967
Total current assets.....	<u>177,535</u>	<u>33,913</u>	<u>1,540,176</u>	<u>123,219</u>	<u>1,874,843</u>
TOTAL ASSETS.....	<u>177,535</u>	<u>33,913</u>	<u>1,540,176</u>	<u>123,219</u>	<u>1,874,843</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	32,700	14,388	7,070	-	54,158
Accrued payroll.....	8,725	5,334	-	-	14,059
Workers' compensation.....	-	-	-	300,000	300,000
Total current liabilities.....	<u>41,425</u>	<u>19,722</u>	<u>7,070</u>	<u>300,000</u>	<u>368,217</u>
NONCURRENT:					
Workers' compensation.....	-	-	-	414,000	414,000
TOTAL LIABILITIES.....	<u>41,425</u>	<u>19,722</u>	<u>7,070</u>	<u>714,000</u>	<u>782,217</u>
NET ASSETS					
Unrestricted.....	<u>\$ 136,110</u>	<u>\$ 14,191</u>	<u>\$ 1,533,106</u>	<u>\$ (590,781)</u>	<u>\$ 1,092,626</u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2008

	Network Information Services	Fleet Maintenance	Health Insurance	Worker's Compensation	Total Internal Service Funds
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ 4,966,343	\$ -	\$ 4,966,343
Charges for services	857,948	882,792	11,981,032	444,768	14,166,540
TOTAL OPERATING REVENUES	857,948	882,792	16,947,375	444,768	19,132,883
OPERATING EXPENSES:					
Supplies and services.....	854,751	895,280	16,440,202	192,549	18,382,782
OPERATING INCOME (LOSS).....	3,197	(12,488)	507,173	252,219	750,101
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	-	-	86,811	(21,520)	65,291
INCOME (LOSS) BEFORE TRANSFERS.....	3,197	(12,488)	593,984	230,699	815,392
TRANSFERS:					
Transfers out.....	-	-	(387,462)	-	(387,462)
CHANGE IN NET ASSETS.....	3,197	(12,488)	206,522	230,699	427,930
NET ASSETS AT BEGINNING OF YEAR.....	132,913	26,679	1,326,584	(821,480)	664,696
NET ASSETS AT END OF YEAR.....	\$ 136,110	\$ 14,191	\$ 1,533,106	\$ (590,781)	\$ 1,092,626

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2008

	Network Information Services	Fleet Maintenance	Health Insurance	Worker's Compensation	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from customers and users.....	\$ -	\$ -	\$ 4,954,376	\$ -	\$ 4,954,376
Receipts from interfund services provided.....	857,948	882,792	11,981,032	444,768	14,166,540
Payments to employees.....	(570,912)	(514,046)	-	(392,549)	(1,477,507)
Payments for interfund services used.....	(301,289)	(361,512)	(16,433,132)	-	(17,095,933)
NET CASH FROM OPERATING ACTIVITIES.....	(14,253)	7,234	502,276	52,219	547,476
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers out.....	-	-	(387,462)	-	(387,462)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Proceeds from sales and maturities of investments.....	-	-	1,091,458	-	1,091,458
Purchase of investments.....	-	-	(388,429)	-	(388,429)
Investment income.....	-	-	86,811	(21,520)	65,291
NET CASH FROM INVESTING ACTIVITIES.....	-	-	789,840	(21,520)	768,320
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(14,253)	7,234	904,654	30,699	928,334
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	191,788	26,679	235,126	92,520	546,113
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 177,535	\$ 33,913	\$ 1,139,780	\$ 123,219	\$ 1,474,447
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ 3,197	\$ (12,488)	\$ 507,173	\$ 252,219	\$ 750,101
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	-	-	(11,967)	-	(11,967)
Warrants payable.....	(8,012)	14,388	7,070	-	13,446
Accrued payroll.....	(9,438)	5,334	-	-	(4,104)
Workers' compensation.....	-	-	-	(200,000)	(200,000)
Total adjustments.....	(17,450)	19,722	(4,897)	(200,000)	(202,625)
NET CASH FROM OPERATING ACTIVITIES.....	\$ (14,253)	\$ 7,234	\$ 502,276	\$ 52,219	\$ 547,476

Fiduciary Funds

Agency Fund – This fund is used to account for payroll withholdings and other amounts held in a fiduciary capacity for nongovernmental purposes

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Agency Accounts July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Agency Accounts June 30, 2008</u>
ASSETS				
Cash and cash equivalents.....	\$ 704,093	\$ 21,815,556	\$ (21,382,931)	\$ 1,136,718
LIABILITIES				
Liabilities due depositors.....	\$ 704,093	\$ 21,815,556	\$ (21,382,931)	\$ 1,136,718

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Sun sets on the docks at Morses Pond.



Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2008

Statistical Section

This part of the Town of Wellesley's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year. The Town implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**Town of Wellesley, Massachusetts
Net Assets By Component
Last Six Fiscal Years**

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt.....	\$ 28,393,793	\$ 60,416,766	\$ 56,280,575	\$ 59,460,936	\$ 89,282,328	\$ 90,783,718
Restricted.....	1,753,311	2,622,666	4,235,793	5,156,611	8,820,120	8,586,171
Unrestricted.....	<u>18,866,117</u>	<u>13,051,094</u>	<u>13,819,989</u>	<u>16,306,929</u>	<u>22,970,214</u>	<u>29,431,407</u>
Total governmental activities net assets.....	\$ <u>49,013,221</u>	\$ <u>76,090,526</u>	\$ <u>74,336,357</u>	\$ <u>80,924,476</u>	\$ <u>121,072,662</u>	\$ <u>128,801,296</u>
Business-type activities						
Invested in capital assets, net of related debt.....	\$ 48,781,255	\$ 52,192,699	\$ 54,876,155	\$ 59,462,054	\$ 61,389,671	\$ 70,218,356
Unrestricted.....	<u>15,610,960</u>	<u>16,796,672</u>	<u>18,463,745</u>	<u>17,200,472</u>	<u>23,033,350</u>	<u>15,308,496</u>
Total business-type activities net assets.....	\$ <u>64,392,215</u>	\$ <u>68,989,371</u>	\$ <u>73,339,900</u>	\$ <u>76,662,526</u>	\$ <u>84,423,021</u>	\$ <u>85,526,852</u>
Primary government						
Invested in capital assets, net of related debt.....	\$ 77,175,048	\$ 112,609,465	\$ 111,156,730	\$ 118,922,990	\$ 150,671,999	\$ 161,002,074
Restricted.....	1,753,311	2,622,666	4,235,793	5,156,611	8,820,120	8,586,171
Unrestricted.....	<u>34,477,077</u>	<u>29,847,766</u>	<u>32,283,734</u>	<u>33,507,401</u>	<u>46,003,564</u>	<u>44,739,903</u>
Total primary government net assets.....	\$ <u>113,405,436</u>	\$ <u>145,079,897</u>	\$ <u>147,676,257</u>	\$ <u>157,587,002</u>	\$ <u>205,495,683</u>	\$ <u>214,328,148</u>

Note: The Town reported retroactive infrastructure assets for the first time in FY2007 in accordance with GASB #34.

Town of Wellesley, Massachusetts
Changes in Net Assets
Last Six Fiscal Years

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government.....	\$ 5,468,746	\$ 5,044,581	\$ 5,934,146	\$ 5,751,822	\$ 5,684,079	\$ 5,985,099
Public safety.....	10,395,245	10,642,772	10,515,879	11,210,299	12,196,439	12,304,806
Public education.....	60,021,423	59,361,961	68,110,742	66,774,878	72,434,095	80,998,592
Public works.....	7,877,485	8,250,480	8,060,375	7,765,401	8,910,481	10,256,928
Health and sanitation.....	574,912	906,951	911,381	926,992	1,099,860	1,173,150
Library.....	3,051,245	3,228,081	2,982,299	3,204,781	3,313,582	3,588,760
Recreation.....	1,069,808	1,795,038	1,591,944	1,563,683	1,859,635	2,317,498
Traffic and parking management.....	561,341	592,766	616,467	614,061	410,319	391,994
Community preservation.....	-	-	401,717	394,938	156,154	61,876
Interest.....	1,520,180	1,363,670	1,725,684	1,965,900	2,715,786	2,510,195
Total government activities expenses.....	90,540,385	91,186,300	100,850,634	100,172,755	108,780,430	119,588,898
Business-type activities:						
Sewer.....	4,912,376	4,999,788	5,030,351	5,231,528	5,643,469	5,921,175
Water.....	3,226,687	3,282,334	3,473,977	3,776,231	4,091,223	4,431,064
Electric.....	16,813,918	15,612,029	15,675,397	18,305,554	16,090,148	30,975,657
Total business-type activities expenses.....	24,952,981	23,894,151	24,179,725	27,313,313	25,824,840	41,327,896
Total primary government expenses.....	\$ 115,493,366	\$ 115,080,451	\$ 125,030,359	\$ 127,486,068	\$ 134,605,270	\$ 160,916,794
Program Revenues						
Governmental activities:						
Education charges for services.....	\$ 1,939,722	\$ 2,136,661	\$ 2,195,309	\$ 2,385,765	\$ 2,462,304	\$ 2,783,042
Public Safety charges for services.....	2,118,225	2,665,474	2,514,000	2,829,868	3,287,869	3,013,488
Other charges for services.....	2,022,302	2,335,672	2,662,604	2,854,573	3,434,294	3,176,983
Education operating grants and contributions.....	10,719,067	11,293,770	13,448,572	14,537,555	15,788,954	18,252,263
Other operating grants and contributions.....	3,468,434	3,386,078	1,500,867	991,475	1,025,278	1,437,244
Education capital grant and contributions.....	2,011,335	18,778,000	-	-	-	-
Other capital grant and contributions.....	1,670,009	5,074,298	910,763	2,240,277	3,160,217	2,012,223
Total government activities program revenues.....	23,949,094	45,669,953	23,232,115	25,839,513	29,158,916	30,675,243
Business-type activities:						
Electric Light charges for services.....	20,417,267	20,683,699	20,612,378	22,006,910	23,884,664	30,558,977
Sewer and water charges for services.....	8,273,537	8,424,932	8,614,427	9,072,079	9,354,153	11,904,930
Electric Light capital grant and contributions.....	226,218	270,456	512,127	533,944	1,094,051	709,035
Other capital grant and contributions.....	34,157	43,625	123,091	57,879	158,889	241,187
Total business-type activities program revenues.....	28,951,179	29,422,712	29,862,023	31,670,812	34,491,757	43,414,129
Total primary government program revenues.....	\$ 52,900,273	\$ 75,092,665	\$ 53,094,138	\$ 57,510,325	\$ 63,650,673	\$ 74,089,372
Net (Expense)/Revenue						
Governmental activities.....	\$ (66,591,291)	\$ (45,516,347)	\$ (77,618,519)	\$ (74,333,242)	\$ (79,621,514)	\$ (88,913,655)
Business-type activities.....	3,998,198	5,528,561	5,682,298	4,357,499	8,666,917	2,086,233
Total primary government net expense.....	\$ (62,593,093)	\$ (39,987,786)	\$ (71,936,221)	\$ (69,975,743)	\$ (70,954,597)	\$ (86,827,422)
General Revenues and other Changes in Net Assets						
Governmental activities:						
Real estate and personal property taxes, net of tax refunds payable.....	\$ 61,585,388	\$ 64,070,276	\$ 67,205,004	\$ 71,321,199	\$ 78,163,604	\$ 83,982,678
Community preservation tax.....	-	563,595	590,772	647,462	714,889	761,549
Motor vehicle and other excise taxes.....	4,263,663	4,404,140	3,992,408	4,024,721	4,208,500	4,447,163
Grants and contributions, and other not restricted to specific programs.....	2,101,414	2,001,048	1,841,256	2,190,228	2,459,970	4,260,435
Unrestricted investment income.....	1,305,019	554,593	843,910	1,612,751	4,088,451	2,190,464
Transfers.....	1,000,000	1,000,000	1,391,000	1,125,000	1,000,000	1,000,000
Total governmental activities.....	70,255,484	72,593,652	75,864,350	80,921,361	90,635,414	96,642,289
Business-type activities:						
Unrestricted investment income.....	-	68,595	59,231	90,127	93,578	17,598
Transfers.....	(1,000,000)	(1,000,000)	(1,391,000)	(1,125,000)	(1,000,000)	(1,000,000)
Total business type activities.....	(1,000,000)	(931,405)	(1,331,769)	(1,034,873)	(906,422)	(982,402)
Total primary government	\$ 69,255,484	\$ 71,662,247	\$ 74,532,581	\$ 79,886,488	\$ 89,728,992	\$ 95,659,887
Changes in Net Assets						
Governmental activities.....	\$ 3,664,193	\$ 27,077,305	\$ (1,754,169)	\$ 6,588,119	\$ 11,013,900	\$ 7,728,634
Business-type activities.....	2,998,198	4,597,156	4,350,529	3,322,626	7,760,495	1,103,831
Total primary government.....	\$ 6,662,391	\$ 31,674,461	\$ 2,596,360	\$ 9,910,745	\$ 18,774,395	\$ 8,832,465

**Town of Wellesley, Massachusetts
Fund Balances, Governmental Funds
Last Ten Fiscal Years**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved.....	\$ 2,272,726	\$ 3,179,152	\$ 2,527,264	\$ 3,536,857	\$ 3,272,806	\$ 2,718,614	\$ 2,845,563	\$ 2,014,113	\$ 2,233,791	\$ 2,298,533
Unreserved.....	4,959,321	3,021,231	2,736,147	1,812,003	752,661	2,430,987	4,399,672	6,480,373	11,898,962	13,588,148
Total general fund.....	\$ 7,232,047	\$ 6,200,383	\$ 5,263,411	\$ 5,348,860	\$ 4,025,467	\$ 5,149,601	\$ 7,245,235	\$ 8,494,486	\$ 14,132,753	\$ 15,886,681
All Other Governmental Funds										
Reserved.....	\$ 414,625	\$ 390,018	\$ 791,785	\$ 1,179,308	\$ 976,456	\$ 221,272	\$ 220,419	\$ 220,712	\$ 220,399	\$ 220,421
Unreserved, reported in:										
Special revenue funds.....	1,536,852	1,839,481	1,795,284	2,198,043	5,288,842	7,385,439	7,838,882	9,533,391	13,136,539	13,888,098
Capital projects funds.....	109,577	(1,033,613)	13,724,319	(4,465,856)	(17,562,227)	(4,637,594)	11,510,107	8,544,779	(4,458,393)	6,433,306
Permanent funds.....	-	-	-	-	507,531	549,688	543,542	658,718	2,769,806	2,446,689
Total all other governmental funds.....	\$ 2,061,054	\$ 1,195,886	\$ 16,311,388	\$ (1,088,505)	\$ (10,789,398)	\$ 3,518,805	\$ 20,112,950	\$ 18,957,600	\$ 11,668,351	\$ 22,988,514

Fiscal years 1999 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

Town of Wellesley, Massachusetts
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

Fiscal Year

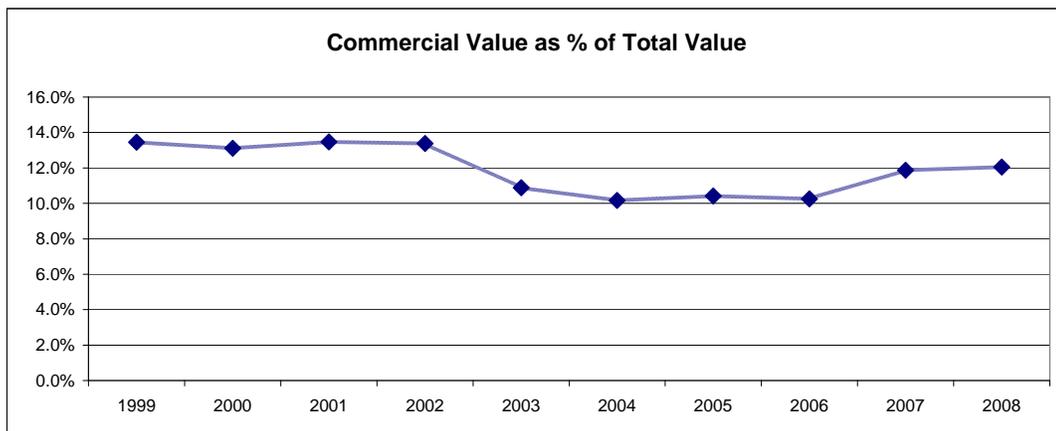
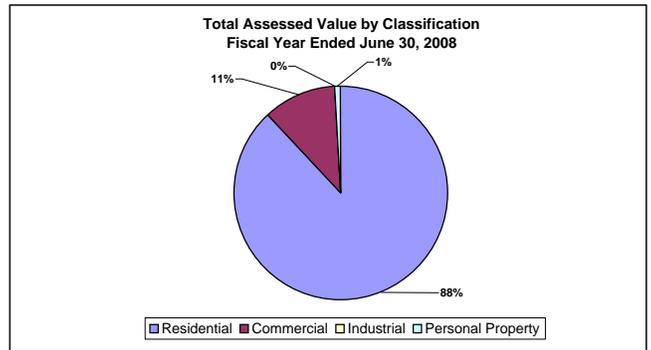
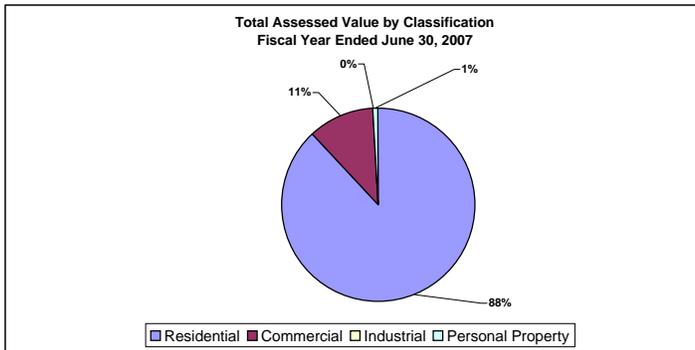
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 43,700,115	\$ 45,605,810	\$ 48,364,287	\$ 53,717,036	\$ 58,104,152	\$ 62,151,256	\$ 66,459,298	\$ 71,217,505	\$ 78,742,825	\$ 82,815,734
Motor vehicle and other excise taxes.....	3,391,300	3,866,212	3,837,247	3,903,497	3,827,688	3,846,238	3,945,707	4,038,289	4,211,503	4,369,268
Community preservation tax.....	-	-	-	-	513,857	563,595	590,772	647,462	714,889	761,549
Charges for service.....	765,218	889,807	973,019	781,649	874,822	875,507	920,385	990,903	896,374	953,550
Intergovernmental.....	6,677,170	12,986,064	14,330,776	14,265,410	15,013,111	16,877,556	20,721,836	18,952,519	18,447,436	21,487,114
Departmental and other.....	6,805,195	7,835,937	8,470,025	7,531,475	9,377,898	10,953,699	8,483,502	11,931,673	18,075,693	14,032,126
Total Revenue.....	61,338,998	71,183,830	75,975,354	80,199,067	87,711,528	95,267,851	101,121,500	107,778,351	121,088,720	124,419,341
Expenditures:										
General government.....	3,451,799	3,317,580	3,496,629	3,362,292	3,772,208	3,233,489	4,113,096	3,851,097	3,770,805	4,231,528
Public safety.....	7,910,500	8,388,383	8,554,234	8,951,996	8,976,386	8,917,285	8,979,145	9,430,067	9,731,124	9,722,790
Education.....	31,909,391	34,656,803	37,205,546	39,856,136	47,247,590	45,058,667	47,036,196	50,135,066	53,779,909	57,440,650
Public works.....	5,934,637	5,905,897	6,545,059	6,645,808	7,198,459	7,071,277	6,832,213	6,319,997	6,387,626	7,294,031
Health and human services.....	370,497	404,011	417,514	509,806	530,201	855,613	861,634	828,810	970,230	1,005,000
Recreation.....	688,049	777,639	791,723	757,313	782,467	1,417,905	1,170,948	1,228,227	1,533,224	1,933,308
Library.....	2,301,368	2,271,179	2,236,426	2,232,506	2,499,339	2,526,667	2,257,163	2,509,317	2,549,641	2,662,930
Teachers pension benefits - state funded (see note below).....	-	5,329,843	5,909,834	5,124,471	5,788,693	6,174,123	6,912,222	7,571,709	7,928,963	8,848,569
Employee benefits and insurances.....	4,145,000	4,214,883	4,784,500	6,448,205	7,732,966	8,348,890	8,913,374	10,466,484	12,556,366	17,078,179
Capital outlay.....	1,168,461	1,514,577	4,707,429	18,369,686	19,537,019	6,930,073	6,129,829	18,907,402	13,805,180	9,770,283
Community preservation.....	-	-	-	-	-	-	-	394,938	149,825	61,876
State and county charges.....	994,316	1,010,052	1,019,278	1,021,764	1,000,627	1,041,780	989,645	932,492	993,897	1,009,686
Other.....	1,269,186	951,415	1,087,421	880,720	1,672,448	1,044,073	1,504,964	1,311,020	1,091,428	391,994
Debt service.....										
Principal.....	3,295,000	3,577,843	3,928,958	4,290,000	2,685,000	3,110,000	3,750,000	4,520,000	5,781,000	5,570,000
Interest.....	776,478	512,024	403,392	1,177,308	1,520,180	1,279,274	1,679,941	1,938,444	2,729,042	2,498,646
Total Expenditures.....	64,214,682	72,832,129	81,087,943	99,628,011	110,943,583	97,009,116	101,130,370	120,345,070	123,758,260	129,519,470
Excess of revenues over (under) expenditures.....	(2,875,684)	(1,648,299)	(5,112,589)	(19,428,944)	(23,232,055)	(1,741,265)	(8,870)	(12,566,719)	(2,669,540)	(5,100,129)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	-	-	18,400,000	-	5,510,000	15,660,000	17,290,000	11,466,000	-	16,560,000
Premium from issuance of bonds.....	-	-	-	-	-	513,602	199,649	69,620	18,558	226,758
Sale of land.....	-	1,100,000	-	-	-	-	-	-	-	-
Transfers in.....	2,472,000	1,700,000	2,976,124	3,035,594	3,217,220	2,641,000	1,663,932	2,272,628	1,176,825	5,486,031
Transfers out.....	(446,500)	(3,048,533)	(2,085,005)	(921,094)	(2,217,220)	(1,641,000)	(663,932)	(1,147,628)	(176,825)	(4,098,569)
Total other financing sources (uses).....	2,025,500	(248,533)	19,291,119	2,114,500	6,510,000	17,173,602	18,489,649	12,660,620	1,018,558	18,174,220
Net change in fund balance.....	\$ (850,184)	\$ (1,896,832)	\$ 14,178,530	\$ (17,314,444)	\$ (16,722,055)	\$ 15,432,337	\$ 18,480,779	\$ 93,901	\$ (1,650,982)	\$ 13,074,091
Debt service as a percentage of noncapital expenditures.....	6.46%	5.73%	5.67%	6.73%	4.60%	4.87%	5.72%	6.37%	7.74%	6.74%

Notes:

Fiscal years 1999 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format. In fiscal year 2000, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.

Town of Wellesley, Massachusetts
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates
Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Town Value
1999	\$3,864,867,000	9.86	86.56%	\$556,955,000	\$4,916,000	\$38,390,000	\$600,261,000	9.86	13.44%	\$4,465,128,000
2000 (1)	\$4,198,292,000	9.50	86.89%	\$588,887,000	\$5,011,000	\$39,364,300	\$633,262,300	9.50	13.11%	\$4,831,554,300
2001	\$4,757,723,000	8.85	86.53%	\$691,499,999	\$5,421,000	\$43,969,500	\$740,890,499	8.85	13.47%	\$5,498,613,499
2002	\$5,776,391,000	8.10	86.62%	\$832,118,000	\$6,096,000	\$54,259,100	\$892,473,100	8.10	13.38%	\$6,668,864,100
2003 (1)	\$6,406,545,000	8.12	89.11%	\$721,380,000	\$5,297,000	\$56,051,200	\$782,728,200	8.12	10.89%	\$7,189,273,200
2004	\$6,687,379,000	8.56	89.84%	\$688,831,000	\$5,428,000	\$62,123,900	\$756,382,900	8.56	10.16%	\$7,443,761,900
2005	\$7,073,527,000	8.40	89.58%	\$753,855,000	\$5,896,000	\$62,710,000	\$822,461,000	8.40	10.42%	\$7,895,988,000
2006 (1)	\$7,743,110,000	8.32	89.75%	\$815,399,000	\$6,504,000	\$62,828,500	\$884,731,500	8.32	10.25%	\$8,627,841,500
2007	\$7,946,702,000	8.87	88.12%	\$995,225,000	\$7,047,000	\$68,796,000	\$1,071,068,000	8.87	11.88%	\$9,017,770,000
2008	\$8,069,347,000	9.18	87.94%	\$1,026,983,000	\$7,433,000	\$71,884,000	\$1,106,300,000	9.18	12.06%	\$9,175,647,000



(1) Revaluation year.

Source: Assessor's Department, Town of Wellesley

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

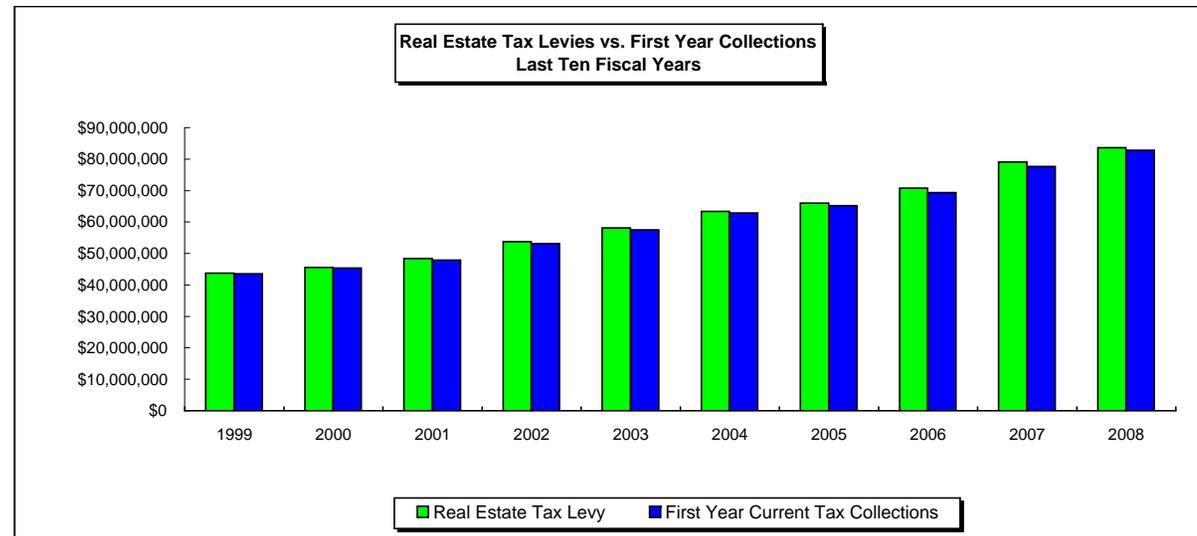
**Town of Wellesley, Massachusetts
Principal Taxpayers
Current Year and Nine Years Ago**

Name	Nature of Business	2008			1999		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Haynes Management	Office Buildings	\$ 161,725,000	1	1.87%	\$ 75,047,000	2	1.78%
Beacon Properties	Office Buildings	160,733,000	2	1.86%	101,833,000	1	2.42%
Sun Life Assurance	Office Buildings	97,944,000	3	1.14%	51,949,000	3	1.32%
Harvard Pilgrim	Office Buildings	71,820,000	4	0.83%	-	-	0.00%
Wellesley College	Education/Residential	69,349,000	5	0.80%	26,823,000	5	0.65%
Federal Realty FR Linden Square	Retail	66,562,000	6	0.77%	28,884,000	4	0.69%
Hunnewell Family	Residential	35,361,000	7	0.41%	20,318,500	6	0.48%
Newton Wellesley Executive Office Park	Office Buildings	31,529,000	8	0.37%	18,245,000	7	0.48%
GPT Realty Trust	Residential	27,015,000	9	0.31%	15,066,000	8	0.36%
Grignaffini & Suns	Real Estate Development	20,313,000	10	0.24%	11,254,000	10	0.27%
Wellesley Country Club	Leisure	13,025,000	-	-	14,446,000	9	0.34%
	Totals	<u>\$ 755,376,000</u>		<u>8.60%</u>	<u>\$ 363,865,500</u>		<u>8.79%</u>

Source: Assessor's Department, Town of Wellesley

**Town of Wellesley, Massachusetts
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
1999	\$44,026,162	\$326,055	\$43,700,107	\$43,490,112	99.5%	\$196,447	\$43,686,559	99.97%
2000	(1) \$45,899,766	\$298,956	\$45,600,810	\$45,305,790	99.4%	\$292,531	\$45,598,321	99.99%
2001	\$48,661,845	\$298,938	\$48,362,907	\$47,900,000	99.0%	\$452,787	\$48,352,787	99.98%
2002	\$54,017,799	\$300,763	\$53,717,036	\$53,200,000	99.0%	\$449,394	\$53,649,394	99.87%
2003	(1) \$58,376,899	\$308,595	\$58,068,304	\$57,500,000	99.0%	\$502,432	\$58,002,432	99.89%
2004	\$63,718,602	\$316,357	\$63,402,245	\$62,843,022	99.1%	\$482,833	\$63,325,855	99.88%
2005	\$66,326,299	\$300,410	\$66,025,889	\$65,215,885	98.8%	\$164,911	\$65,380,796	99.02%
2006	(1) \$71,260,908	\$471,259	\$70,789,649	\$69,322,837	97.9%	\$601,879	\$69,924,716	98.78%
2007	\$79,316,412	\$255,505	\$79,060,907	\$77,624,632	98.2%	\$487,568	\$78,112,200	98.80%
2008	\$84,232,439	\$627,125	\$83,605,314	\$82,836,669	99.1%	\$0	\$82,836,669	99.08%



Source: Assessor's Department, Town of Wellesley

(1) Revaluation year.

(2) Includes tax liens.

Town of Wellesley, Massachusetts
Ratios of Outstanding Debt and General Bonded Debt
Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1999	26,663	\$ 1,409,566,158	\$4,465,128,000	\$10,720,000	\$0	\$402	0.76%	0.24%
2000	26,613 (1)	\$ 1,435,061,315	\$4,831,554,300	\$8,145,000	\$0	\$306	0.57%	0.17%
2001	26,632	\$ 1,464,807,575	\$5,498,513,500	\$24,510,000	\$0	\$920	1.67%	0.45%
2002	26,658	\$ 1,495,562,374	\$6,668,864,100	\$21,485,000	\$0	\$806	1.44%	0.32%
2003	26,628	\$ 1,523,756,906	\$7,189,273,200	\$24,310,000	\$0	\$913	1.60%	0.34%
2004	26,578	\$ 1,551,313,627	\$7,443,761,900	\$36,860,000	\$0	\$1,387	2.38%	0.50%
2005	26,515	\$ 1,578,589,151	\$7,895,988,000	\$50,400,000	\$0	\$1,901	3.19%	0.64%
2006	26,978	\$ 1,638,277,264	\$8,627,841,500	\$57,346,000	\$0	\$2,126	3.50%	0.66%
2007	26,978	\$ 1,671,044,298	\$9,017,770,000	\$51,565,000	\$0	\$1,911	3.09%	0.57%
2008	26,985	\$ 1,704,912,300	\$9,175,647,000	\$62,555,000	\$0	\$2,318	3.67%	0.68%

Fiscal Year	Business-type Activities (2)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1999	\$6,060,000	\$0	\$16,780,000	\$629	1.19%	0.38%
2000	\$5,620,000	\$0	\$13,765,000	\$517	0.96%	0.28%
2001	\$5,180,000	\$0	\$29,690,000	\$1,115	2.03%	0.54%
2002	\$4,980,000	\$0	\$26,465,000	\$993	1.77%	0.40%
2003	\$4,300,000	\$0	\$28,610,000	\$1,074	1.88%	0.40%
2004	\$3,985,000	\$0	\$40,845,000	\$1,537	2.63%	0.55%
2005	\$3,694,954	\$0	\$54,094,954	\$2,040	3.43%	0.69%
2006	\$3,849,935	\$0	\$61,195,935	\$2,268	3.74%	0.71%
2007	\$3,741,792	\$0	\$55,306,792	\$2,050	3.31%	0.61%
# 2008	\$3,498,856	\$0	\$66,053,856	\$2,448	3.87%	0.72%

(1) Most recent U.S. Census

(2) Municipal Light Plant, Sewer Fund, and Water Fund.

Source: Audited Financial Statements, U. S. Census.

Town of Wellesley, Massachusetts
Direct and Overlapping Governmental Activities Debt

As of June 30, 2008

<u>Town of Wellesley, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Norfolk County.....	\$ 1,100,000	7.88%	\$ 86,680
Town direct debt.....			<u>62,555,000</u>
Total direct and overlapping debt.....			<u>\$ 62,641,680</u>

Source: Norfolk County Treasurer's Office

Town of Wellesley, Massachusetts
Computation of Legal Debt Margin
Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Equalized Valuation.....	<u>\$ 4,279,350,300</u>	<u>\$ 5,266,642,800</u>	<u>\$ 5,266,642,800</u>	<u>\$ 7,153,728,900</u>	<u>\$ 7,153,728,900</u>	<u>\$ 8,211,971,900</u>	<u>\$ 8,211,971,900</u>	<u>\$ 9,523,566,700</u>	<u>\$ 9,523,566,700</u>	<u>\$ 10,029,555,000</u>
Debt Limit -5% of Equalized Valuation.....	\$ 213,967,515	\$ 263,332,140	\$ 263,332,140	\$ 357,686,445	\$ 357,686,445	\$ 410,598,595	\$ 410,598,595	\$ 476,178,335	\$ 476,178,335	\$ 501,477,750
Less:										
Outstanding debt applicable to limit.....	\$ 8,298,000	\$ 6,339,000	\$ 22,780,000	\$ 20,101,000	\$ 23,272,000	\$ 36,168,000	\$ 52,370,890	\$ 57,346,000	\$ 51,565,000	\$ 62,555,000
Authorized and unissued debt.....	<u>9,290,000</u>	<u>6,961,650</u>	<u>17,745,000</u>	<u>36,445,000</u>	<u>28,285,000</u>	<u>11,375,000</u>	<u>20,457,974</u>	<u>11,722,323</u>	<u>35,453,000</u>	<u>27,091,842</u>
Legal debt margin.....	<u>\$ 196,379,515</u>	<u>\$ 250,031,490</u>	<u>\$ 222,807,140</u>	<u>\$ 301,140,445</u>	<u>\$ 306,129,445</u>	<u>\$ 363,055,595</u>	<u>\$ 337,769,731</u>	<u>\$ 407,110,012</u>	<u>\$ 389,160,335</u>	<u>\$ 411,830,908</u>
Total debt applicable to the limit as a percentage of debt limit.....	8.22%	5.05%	15.39%	15.81%	14.41%	11.58%	17.74%	14.50%	18.27%	17.88%

Source: Financial Services Department, Town of Wellesley

**Town of Wellesley, Massachusetts
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1999	26,663	\$1,409,566,158	\$52,866	37.6	3,564	1.30%
2000	(1) 26,613	\$1,435,061,315	\$53,923	37.6	3,685	0.80%
2001	26,632	\$1,464,807,575	\$55,002	37.6	3,773	2.40%
2002	26,658	\$1,495,562,374	\$56,102	37.6	3,865	3.00%
2003	26,628	\$1,523,756,906	\$57,224	37.6	4,016	2.80%
2004	26,578	\$1,551,313,627	\$58,368	37.6	4,171	3.40%
2005	26,515	\$1,578,589,151	\$59,536	37.6	4,385	3.00%
2006	26,978	\$1,638,277,264	\$60,726	37.6	4,547	2.80%
2007	26,978	\$1,671,042,810	\$61,941	37.6	4,610	2.80%
2008	26,985	\$1,704,905,924	\$63,180	37.6	4,678	4.30%

Source: U. S. Census, Division of Local Services
Median age is based on most recent census data
(1) Most recent U.S. Census

**Town of Wellesley, Massachusetts
Principal Employers (excluding the Town)
Current Year and Nine Years Ago**

Employer	Nature of Business	2008			1998 (1)		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Sun Life of Canada	Insurance Company	1850	1	14.36%	1100	2	8.28%
Wellesley College	College	1500	2	11.64%	1250	1	9.41%
Babson College	College	800	3	6.21%	623	3	4.69%
Harvard Pilgrim Health Care	Medical-HMO	490	4	3.80%	375	4	2.82%
Harvard Vanguard Medical Association	Medical	300	5	2.33%	-	-	-
Roche Brothers	Grocery	250	6	1.94%	-	-	-
Mass Bay Community College	College	250	7	1.94%	201	9	1.51%
Dana Hall School	Private School	250	8	1.94%	150	10	1.13%
Watson Wyatt Worldwide	Actuary	200	9	1.55%	230	8	1.73%
Whole Foods	Grocery	107	10	0.83%	-	-	-
Amica Mutual Life	Insurance Company	-	-	-	235	7	1.77%
Eastman Kodak	Photography Equipment	-	-	-	275	5	2.07%
Filene's Basement	Department Store Headquarters	-	-	-	250	6	1.88%

According to the Massachusetts Workforce Development Data, in June 2008 the town had a total labor force of 13,466 of whom 12,886 were employed and 580 or 4.3% were unemployed.

Sources: Massachusetts Workplace Development Agency & Employer Human Resources department
(1) This comparative information for 1999 is not available.

Town of Wellesley, Massachusetts
Full-time Equivalent Town Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government.....	49	48	57	58	47	47	47	46	47	47
Public safety.....	115	112	114	114	110	109	110	112	120	123
Public education.....	563	565	591	607	624	629	659	665	681	700
Public works.....	92	93	95	95	96	91	91	90	90	93
Health and Sanitation.....	5	5	4	4	4	4	4	4	5	5
Library.....	29	28	32	31	31	31	27	27	39	32
Recreation.....	5	5	5	5	6	6	6	7	6	7
Water/Sewer.....	25	25	25	25	25	26	28	28	28	28
Electric light.....	32	34	34	36	34	34	33	37	37	35
Total	915	915	957	975	977	977	1,005	1,016	1,053	1,070

Source: Various Town Departments

**Town of Wellesley, Massachusetts
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
New home building permits.....	25	21	53	36	43	50	83	59	51	58
Police										
Physical arrests.....	425	267	234	281	343	430	375	403	282	173
Motor vehicle violations.....	8,362	8,803	7,257	8,369	7,726	10,046	8,183	8,136	6,804	7,373
Police personnel and officers.....	55	52	56	54	57	57	57	58	53	54
Fire										
Inspections.....	2,408	2,408	2,486	2,487	2,487	2,529	2,565	2,628	2,856	2,118
Emergency responses.....	3,951	3,951	4,332	3,821	4,322	4,380	4,019	4,208	4,208	4,041
Fire personnel and officers.....	60	59	59	59	55	55	55	54	57	57
Education										
Number of public school students.....	3,564	3,685	3,773	3,865	4,016	4,171	4,385	4,547	4,610	4,678
Health and sanitation										
Number of vaccinations.....	2,775	2,904	2,975	1,881	1,705	1,550	1,640	1,790	1,596	1,489
Library										
Volumes in circulation.....	453,673	449,765	451,765	207,255	323,997	525,246	557,402	560,258	575,651	605,900
Recreation										
Total program revenue.....	\$469,366	\$497,496	\$431,090	\$373,669	\$421,108	\$654,170	\$843,347	\$779,317	\$1,506,886	\$1,260,132
Traffic and parking management										
Total ticket revenue.....	\$261,890	\$272,975	\$302,320	\$334,548	\$375,899	\$291,106	\$344,554	\$440,348	\$607,826	\$587,919
Sewer										
Number of accounts.....	7,879	N/A	7,716	7,970	7,994	8,003	8,053	8,133	8,160	8,156
Feet rodded/flushed.....	289,542	N/A	230,830	198,388	187,670	234,670	295,470	307,069	297,711	353,698
Water										
Number of accounts.....	10,421	N/A	10,525	10,955	11,094	11,204	11,368	11,663	11,711	11,804
Consumption in gallons (millions).....	966	1,029	1,057	964	877	815	811	924	884	968
Daily consumption (millions).....	2.65	2.82	2.89	2.64	2.40	2.23	2.22	2.53	2.42	2.65

Source: Various Town Departments

N/A: This information is not available

Town of Wellesley, Massachusetts
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Number of Buildings.....	4	4	4	4	4	3	3	3	3	3
Police										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations.....	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	6	6	6	6	6	7	7	7	7	7
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (miles).....	110	110	110	110	110	110	110	110	110	110
Sidewalks to maintain (miles).....	110	110	116	118	118	118	118	118	118	118
Library										
Buildings.....	3	3	3	3	3	3	3	3	1	1
Recreation										
Park and playground (acreage).....	268	268	268	268	268	268	365	365	365	365
Feet of public beach front.....	660	660	660	660	660	660	660	660	660	660
Public beaches.....	1	1	1	1	1	1	1	1	1	1
Tennis courts.....	16	16	16	16	16	16	16	16	16	16

Source: Various Town Departments